The Accountant

Zambia's Accountancy Journal

ZiCA
Competence, Integrity and Virtue
Zambia Institute of Chartered Accountants

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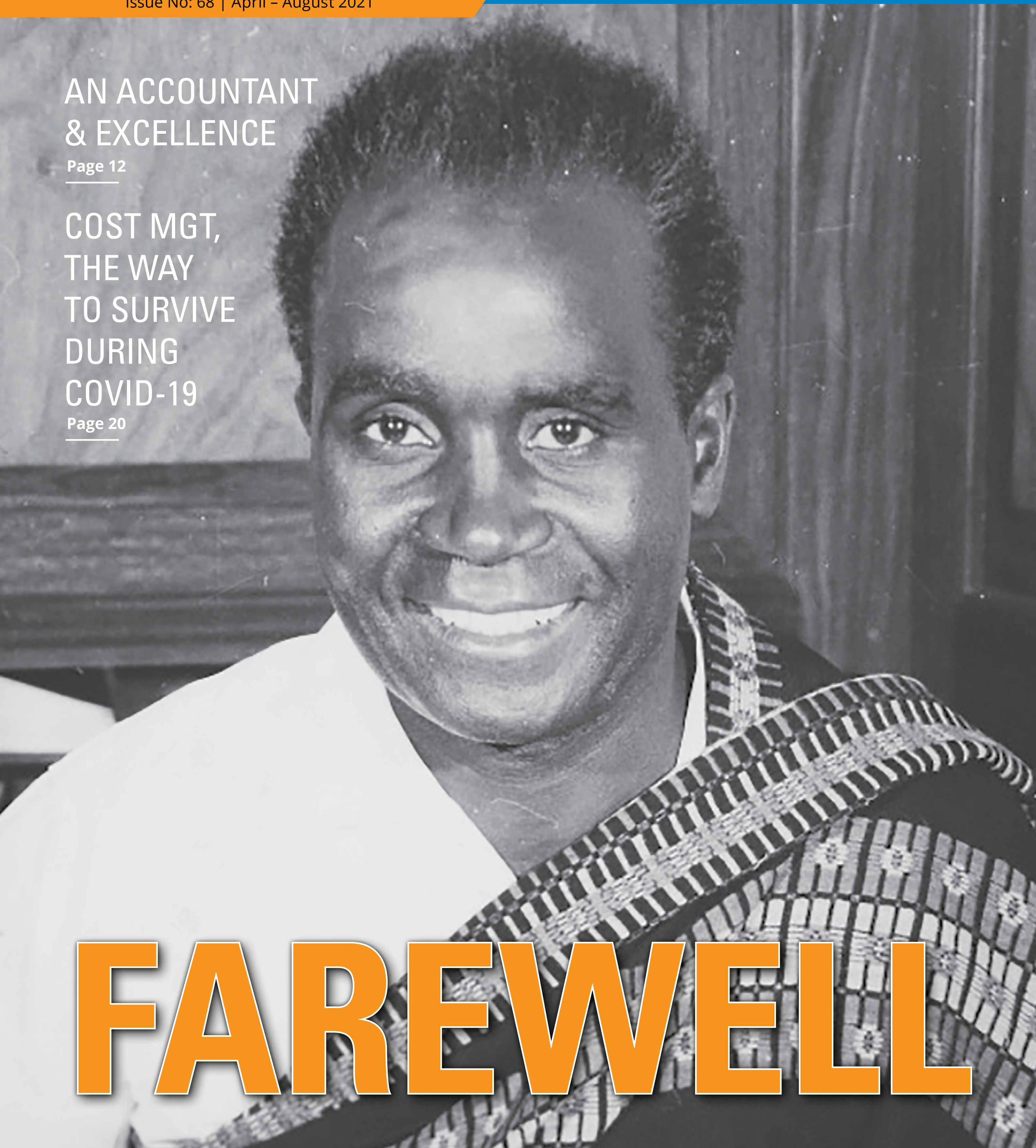

AN ACCOUNTANT & EXCELLENCE

Page 12

COST MGT, THE WAY TO SURVIVE DURING COVID-19

Page 20

FAREWELL

Professionalism · Integrity · Innovation · Customer Centric

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Zambia Institute of Chartered Accountants

Congratulations

PRESIDENT HAKAINDE HICHILEMA

& VICE PRESIDENT MUTALE NALUMANGO

The ZICA President, Council, Members, Management and Staff of the Institute join the people of Zambia in congratulating President Hakainde Hichilema & Her Honour The Vice President Madam Mutale Nalumango on their election victory.

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44 Vacci-nomics

7 Critical Aspects in Business Performance Management

9 Budgets and Budgetary Control Techniques Key Points

12 An Accountant and Excellence

16 Benefits Of Implementing An Effective Internal Control Reporting Framework

18 Artificial Intelligence And Its Impact On Workforce Dynamics And Productions

20 Cost Management, The Way To Survive During COVID-19

25 Mobile Money Electronic Transactions for Financial Inclusion

28 The Facebook-Cambridge Analytica Scandal

30 Tax Planning and compliance: Taxpayers' survival strategies

31 Tax Payer, Tax Advisor Relationship

32 Leading From The Front An Overview Of Effective Leadership

34 The 'Red Book' – Internal Auditor Mantel

37 Ease Your Customers' Pain: Strategies To Improve Customer Satisfaction In Business

39 Maximise Productivity and Efficiency: The Power of MicroSoft Excel

46 Investing in the Zambian Capital Markets

KEEPING KK'S LEGACY

COLLEAGUES, I present to you the second edition of the accountant journal under challenging times when the COVID-19 pandemic has claimed many of our members and indeed close family members and friends. In these challenging times, we all need to remain vigilant, be each other's keeper and provide empathy and support to friends and family, especially those that have lost loved ones. We have seen in the recent past that we have lost gallant members of the Institute and I wish to convey my deepest condolences on behalf of the Institute and indeed on my own behalf to the families of our dear departed members.

I wish to emphasise the need for all of us to keep social distancing, always wear face masks in public places, washing of hands regularly and sanitising. Let us all adhere to these health regulations for our own safety and that of others. Further, the Ministry of Health has embarked on a countrywide covid-19 vaccination programme aimed at ensuring the wider population gets vaccinated in order to mitigate the adverse effects of the pandemic. In this regard, I urge all members to take advantage of this programme and get vaccinated.

Colleagues, I also wish to also extend my profound and deepest condolences to the family of the founding father of the nation and the first Republican President of Zambia Dr. Kenneth Kaunda, who passed away on 17th June 2021 aged 97 years.

Dr. Kaunda was instrumental in the formation of the Zambia Institute of Chartered Accountants (ZICA) in 1982. At the time, the country was growing rapidly with a booming population, calling for positive thinking, innovation, open-mindedness and a vision to direct this endearing nation to greatness; including its approach to public and private financial management. This called for important frameworks in regulation and policy towards key sectors such as finance and accounting, including the involvement of more qualified Zambians in these roles.

At independence and the several years that followed, almost all accounting jobs were held by foreigners, and the Government's desire of ensuring that citizens held most of the jobs was in full swing. Therefore, the need to train and groom Zambian accountants was an important one, hence, the Zambia Institute of Chartered Accountants was to be established later in 1982.

Under the leadership of President Kaunda, Government introduced the Zambia Diploma in Accounting (ZDA) in 1970 through the Department of Technical Education and Vocational Training (DTEVT) as one of those measures aimed at training and making a Zambian accountant. This was to be preceded by the introduction of the Bachelor of Accountancy, which was launched at

Cecilia Zimba
ZICA PRESIDENT

University of Zambia (UNZA) Ndola Campus (UNZANDO) in 1978.

From 1982, the profession has been transforming through to today's status.

From the onset, the task of ensuring that the accountancy profession was well regulated was no small undertaking. Some of the key issues at the beginning related to the quality of accountants as the country had as at the beginning of the decade, only 10 qualified accountants.

In order to enhance and help grow the profession, the Institute started developing educational structures and curricular to train accountants who were competent and essential in the work place, as well as remain up to date with changing trends and industry accounting demands.

By the mid-nineties, the National Accounting Technician (NATech) qualification was introduced by ZICA. In 2007, the ZICA Accountancy Qualification was launched. ZICA was establishing itself as an influential and relevant body of the accountancy profession in Zambia; growing its impact regionally and gaining recognition internationally as a member of the global accounting community.

ZICA is now an important member and affiliate of a number of international accountancy bodies including the International Federation of Accountants (IFAC), the Pan African Federation of Accountants (PAFA) and the Chartered Accountants Worldwide (CAW).

In 2008, the Accountants Act of 1982 was repealed. This was done in the interest of clearly offering direction and description of who an accountant is, his/her role and responsibility and also to safeguard and maintain a high level of competence and ethics in the profession.

In 2013, the Diploma in Taxation programme was introduced, further equipping the Zambian accountant with the knowledge and expertise, creating the competence they need to perform their duties

In 2017, ZICA made another huge milestone when it launched the Chartered Accountant (CA) Zambia programme, a premier professional accountancy qualification suitable for those that seek to be professionally qualified in finance and business and serve as advisors, finance experts, game changers, thought leaders and decision makers in both private and public sectors of the economy.

Earlier in 2017, the Institute had introduced the Public Sector Financial Management programme to enhance financial management and accountability in the public sector through specialised training hence creating a pool of trained public sector professional accountants to oversee the proper utilisation of public our resources.

ZICA has over the years has become a very important voice to Government and other stakeholders with a view of promoting best practices in areas of accounting and auditing standards in Zambia. The Institute has become an important pedestal of the accounting profession in Zambia and the region through working jointly with relevant Government authorities in developing accounting and reporting standards for specialised industries such as banking and financial services, pensions and insurance, capital markets amongst others.

The role that the Government of Dr. Kaunda played in developing the profession cannot be overemphasized. Today the profession is soaring on the support of successive regimes, starting with the Kaunda one.

In its 39 years of existence, the Institute continues to promulgate the importance of upholding its core values of integrity, professionalism, accountability, customer centricity, innovation and ultimately excellence.

The least the profession can do in keeping Dr. Kaunda's legacy is to continue upholding the ethos of accountability and integrity that he espoused. Dr. Kaunda hated corruption in all its shades. He ensured a leadership code that governed his Ministers vis-à-vis their involvement in business and enterprise. His ultimate objective was to ensure that the human being was at the center of Government and private action and practice. In this regard, accountants are called upon to uphold high levels of integrity in transactions and be accountable for their actions.

In keeping with professionalism, accountants, both in public and private practice are encouraged to guard jealously the values of the profession by not entertaining practices that erode the profession and ultimately undermine the integrity of the country's financial systems.

May the soul of Dr. Kenneth Buchizya Kaunda rest in eternal peace. ■

LEADERSHIP AND SURVIVING THE COVID-19 PANDEMIC

The novel Coronavirus (COVID-19) has been with the world for over one year six months now with devastating effects on people and business. In its wake, millions of lives have been lost, business and incomes have been lost too. Zambia has not been spared and the Institute too. It is evident that some businesses have had to close due to challenges brought about by the deadly COVID-19 pandemic.

A pandemic of global scale like this one, whose characteristics are yet to be fully understood, present uncertainty for humanity and business. The global community has adopted various measures to try and stop the spread and mitigate the pandemic's impact, among them masking up in public and crowded places, practicing consistent hand hygiene, lockdowns, and now vaccinations. For business, some of the measures have meant working in shifts, downsizing, and adopting information and technologies (digitalisation).

Furthermore, companies have embraced or heightened use of ICTs in financial transactions. The Institute has not been left out on this score. It has reduced face-to-face interactions by embracing and escalating use of technology in conducting meetings and making financial transactions, among other measures to mitigate the impact.

In this edition, we publish an article that gives tips to business entities and enterprises on minimising their expenses during the COVID-19 pandemic.

The article lists, not exhaustively, some ways businesses could adopt and implement to minimise expenses, through making use of information Technology to reduce human-to-human interaction and related costs, using video conferencing applications such as WhatsApp, Skype and Zoom; embracing paperless transactions; following approved budgets to the letter; making prompt payments to avoid charges and legal costs arising from failure to pay; formulation of proper credit policies for a sound debtors management system; and carrying out cost benefit analysis on some operating expenses.

Other ways include making decisions on whether the company should purchase or hire a good or service; compliance and adopting smarter ways of paying tax obligations to avoid charges and penalties, among other strategies.

It cannot be over emphasised that COVID-19 has seriously altered the way firms are managing their businesses. It is no longer business as usual given the reduced productions, and

Bonna Kashinga
ZICA SECRETARY AND CHIEF EXECUTIVE

ultimately reduced and/or loss of revenues for companies and Governments.

In their June 18, 2021 article, *Surviving the pandemic: A business perspective*, authors Filip Jolevski, Silvia Muzi, Kohei Ueda, and Domenico Viganola, state that the crisis induced by the pandemic resulted in permanent closures of businesses across the globe.

They state, "The original ES (Enterprise Surveys) data collection, which concluded just before the outbreak of the COVID-19 pandemic, offers a unique baseline to study the impact of the crisis on firm survival during the pandemic. Commonalities among the survivors exist. Firms that survived the COVID-19 crisis are older and more productive; they also tend to be innovators, use digital technology, and operate in less burdensome business environments."

"The results of the analysis point to a silver lining of the pandemic: productive firms are more likely to survive, as opposed to having a detrimental effect across businesses regardless of their efficiency."

Matt Kaulig (2021) offers five trends that can help leadership navigate a successful transition to the next level. He suggests remote in recovery at the backdrop of flexible working, where one is able to attend both in-person and virtual meetings.

"It's crucial to get back to pre-COVID efficiency and keep digital innovation top of the mind instead of catching up. That may include reshaping the workspace with a hybrid structure, flexible in-office work hours, or a job-by-job approach," he suggests.

Other trends he suggests include transparency, which he argues builds a bridge for people and creates a healthy team dynamic and support system to do better work and keep employees satisfied, and prioritising people. Indeed, people, not policies, keep companies moving forward.

Putting people first, Kaulig argues, can make the difference for the company to go from simply surviving to thriving and that great leaders inform and support their workforce to remain competitive and compelled to work, even in unknown settings…*http://www.sbnonline.com/article/5-defining-trends-to-get-to-the-next-phase/.*

The above points to the critical role that leadership plays in staying afloat.

According to the Centre for Creative Leadership, "the organisations that can evolve, adapt, and turn challenges into opportunities will be the ones who thrive in the world that comes next" *(https://www.ccl.org/coronavirus-resources/).*

The current COVID-19 crisis is massive, and what comes next is profoundly unclear. It is not known how long the pandemic, which is manifesting in waves, will last. The only thing that will make the difference in every company, business or organisation is leadership. Therefore, leaders must avoid the temptation to hope for a mere "return to normal" and instead seize opportunities for organisational transformation, as the current moment offers not just an opportunity but an imperative to push toward reinvention, not retreat.

Uncertain times call for resilience on individuals, organisations and companies and nations to remain afloat. Resilience does not just come about, there are conscious actions and positions that are taken in order not to be swept by the tide that has swept many others. There are obvious steps that can be taken to build a resilient organisation, one that can withstand the headwinds blowing against its sails.

As the Centre for Creative Leadership opines, "Building a resilient organisation requires collective teams of individuals who rally for a common goal, are open and responsive to the challenges placed before them, and work tirelessly through ambiguity and uncertainty".

I would like to urge all members to continue innovating to ensure business continuity and pioneer programmes that will help generations to come in times of crisis. ■

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Congratulations

DR. SITUMBEKO MUSOKOTWANE

Minister of Finance

The ZICA President, Council, Members, Management and Staff of the Institute wish to congratulate the newly appointed Minister of Finance Hon. Dr Situmbeko Musokotwane.
We wish the Minister success in his new role.
The Institute is available to render any assistance towards ensuring total prudent use of national resources and accountability.

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CRITICAL ASPECTS IN BUSINESS PERFORMANCE MANAGEMENT

By Dr Gabriel Kalambulwa

IN EVERY venture, certain things must be done correctly in order to accomplish a goal. In business terms there are things that are critical to the success of a business. These important things must be managed well in order to meet organisational goals.

The fundamental goal of every business is to increase the wealth of its owners, who are in many cases, shareholders. Shareholder expectations should therefore be a key part of the management framework.

Strategic performance management should mean a holistic approach to business management. A holistic approach to management will enable businesses to drive the shareholder agenda without neglecting other stakeholders that help to create an enabling environment for businesses to thrive. This therefore implies that a company must consider how its actions affect the environment and how the environment influences business performance. An environmental impact assessment is another management ingredient that must be taken seriously in order for businesses to achieve aims.

Successful businesses are where they stand today because of deliberate actions and decisions. There are always game changers behind the success of every business. This means acquiring admirable skills and competencies that are unique for a competitive advantage.

Modern day business has largely been affected by technological advancements. The implication of this is that companies have endeavoured to incorporate the technology strategy into the overall business strategy in order to adapt to technology changes. Today, companies that have failed to incorporate technology in business have remained behind, allowing those with technology to capture a large share of the market.

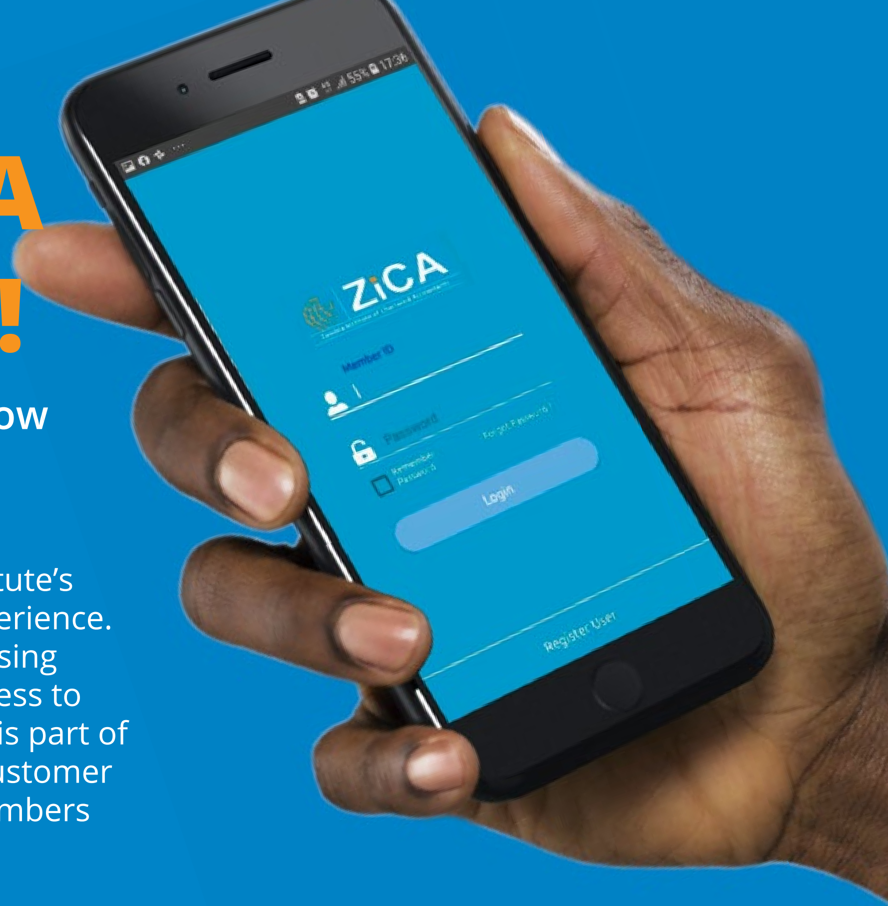
Another key consideration in business performance management are the needs of target markets. Identitication of customer needs will enable a company to develop products that respond to the needs of customers, which may increase revenue for a business.

Nothing can be achieved, from a business' perspective, if the leaders in the company do not demonstrate commitment towards achievement of goals. Leaders should be able to influence the attitude of employees. Leaders should be exemplary and serve as role models to employees in order to effectively manage company resources. Senior management must also develop **SMART** (Specific, Measurable, Achievable, Realistic and Time-bound) objectives in order to motivate employees to remain committed to work.

The overriding objective in any business venture must always be **shareholder wealth maximization**. This objective must always drive management actions and decisions.

GET THE ZICA MOBILE APP!

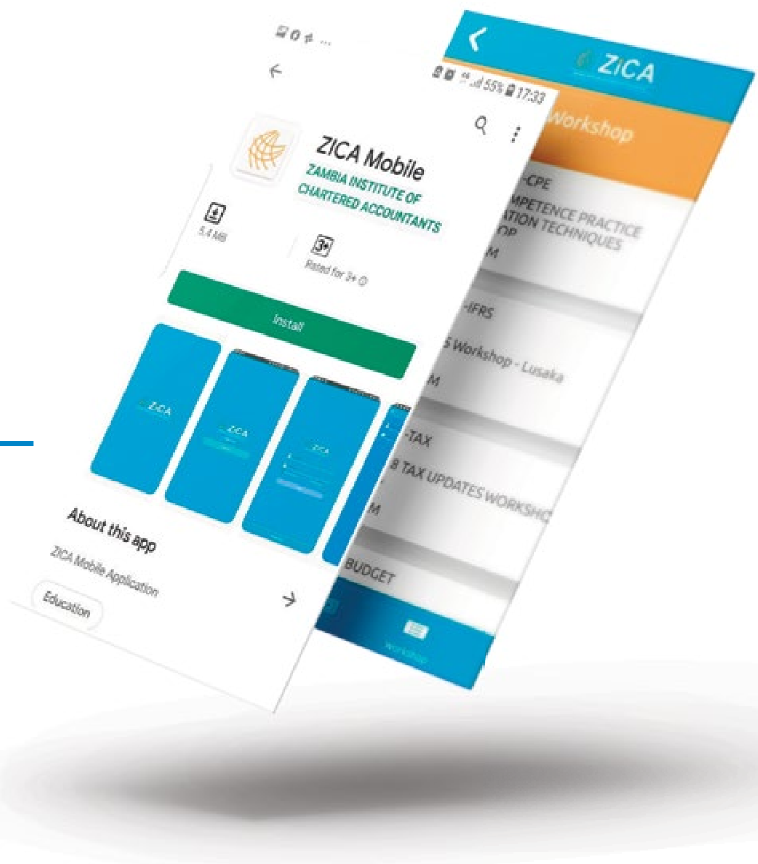
The ZICA mobile application is now available on Google Play Store



The Mobile Application is part of the Institute's strategy to redefine the membership experience. The App aims at responding to the increasing demand for convenience and quicker access to information. The introduction of the App is part of the institute's process to become more customer centric by responding to the needs of members and students.

HOW TO GET THAT APP

STEP 1: Open the Play Store
STEP 2: Search for ZiCA Mobile
STEP 3: Click and Install
STEP 4: Install the app
STEP 5: Click Lets Start
STEP 6: Register User
STEP 7: Enter your membership No. and email
STEP 8: Enter password
STEP 9: Enter OTP delivered to your email



WHAT CAN YOU DO ON THE ZICA MOBILE APP?

The ZICA Mobile App brings services available from the Institute onto your smartphone.

With the ZICA Mobile App, you can:

1. Pay for subscription
2. Register and pay for examinations
3. Register and pay for workshops / seminars
4. Participate in surveys
5. Collaborate with other members
6. Read news and publications
7. View examination result
8. Vote in ZICA elections
9. Download examination docket

GET IT ON Google Play

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BUDGETS AND BUDGETARY CONTROL TECHNIQUES KEY POINTS

By Sydney Chanda Musonda

In modern industries and large corporates world over, budgets are a critical management tool that plays a pivotal role in controlling costs and maximising profits for the company as a whole.

Against this background, therefore, Budgetary Control is *a means of control in which the actual results are compared with the budgeted results so that appropriate action may be taken about any deviations between the two*. The deviation may be favourable or adverse, in which case the former is a good variance while the latter is a variance that begs corrective action.

A system of budgetary control should not become rigid. There should be enough scope of flexible individual initiative and drive.

A system of budgetary control serves a couple of control purposes:

- Managers are able to co-ordinate resources and ensure that they are utilised for the intended purposes,
- Benchmarks or standards needed are clearly defined in all control systems,
- Provides clear and unambiguous guidelines about the organisation's resources and expectations, and
- Facilitates performance evaluations of managers and business units.

OBJECTIVES

PLANNING

A well- prepared plan helps the organisation to use the limited resources efficiently and thus achieving the predetermined targets becomes easy.

COORDINATION

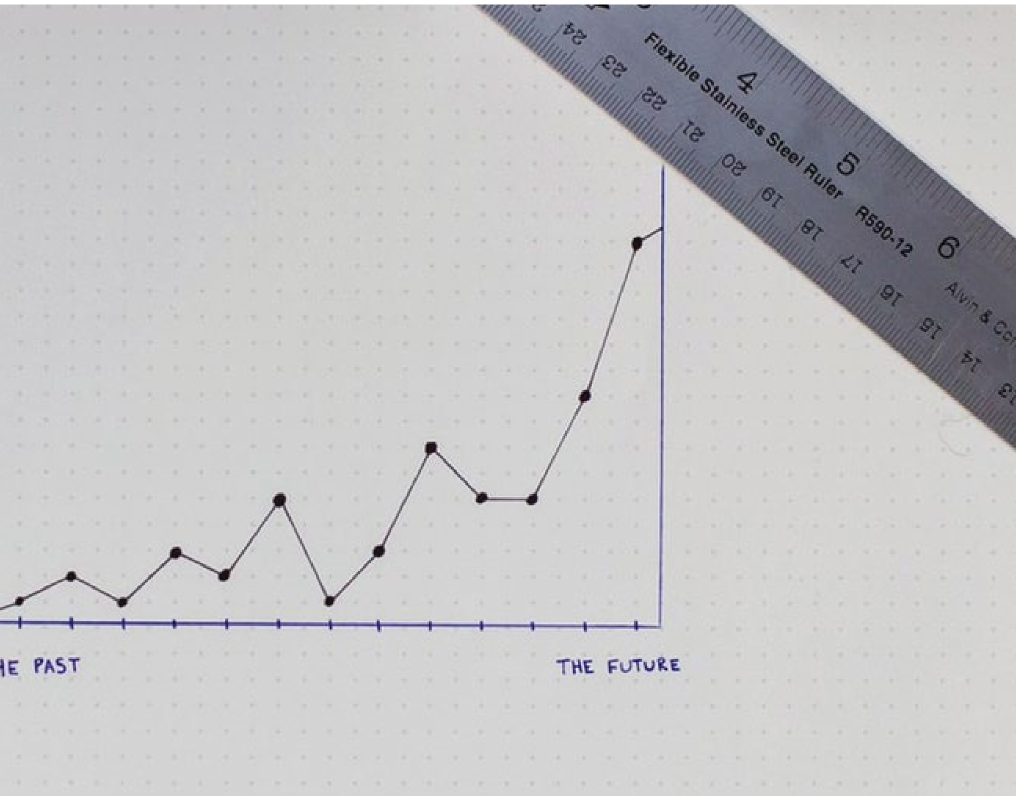
For achieving the predetermined objectives, apart from planning, coordinated efforts are required. Budgeting facilitates coordination in the sense that budgets cannot be developed in isolation. For instance, *while developing the production budget, the production manager will have to consult the sales manager for a sales forecast and purchase manager for the availability of the raw material. It`s a flow chain!*

The production budget cannot be developed in isolation.

CONTROL

Like ACCA's Mission Statement… "*Think Ahead*", Planning is l*ooking ahead* while controlling is *looking back*.

The preparation of budgets involves detailed planning for various activities like purchase, sales, production, and other functions like marketing, sales promotion, manpower planning. But planning alone is not sufficient.



Benefits of Budgetary Control

Budgeting plays an important role in planning and controlling. It helps in directing the scarce resources to the most productive use and thus ensures overall efficiency in the organisation.

The benefits derived by an organisation from an effective budgeting system can be summarised as given below.

- *Budgeting facilitates the planning of various activities and ensures that the working of the organisation is systematic and smooth.*
- *Budgeting is a coordinated exercise and hence combines the ideas of different levels of management in the preparation of the same.*
- *Any budget cannot be prepared in isolation and therefore coordination among various departments is facilitated automatically.*
- *Budgeting helps planning and controlling income and expenditure to achieve higher profitability and also acts as a guide for various management decisions.*
- *Budgeting is an effective means for planning and thus ensures sufficient availability of working capital and other resources.*
- *It is extremely necessary to evaluate the actual performance with predetermined parameters. Budgeting ensures that there are well-defined parameters againt which performance is evaluated.*
- *As the resources are directed to the most productive use, budgeting helps in reducing wastages and losses.*

ESSENTIALS OF A GOOD BUDGETARY CONTROL SYSTEM

A good budgetary control system depends upon the following conditions:

SUPPORT FROM TOP MANAGEMENT

The effective implementation of the budgetary control system depends on the attitude and perception of management towards it.

If the top executive takes budgeting as a mere routine job and does not take any interest in its implementation, it will be a futile exercise.

QUANTIFICATION OF ORGANISATIONAL GOAL

The goal of the organisation should be clearly expressed and quantified. There should not be any misconception and confusion in the minds of employees regarding goals to be attained.

CREATION OF RESPONSIBILITY CENTRE

The entire organisation should be divided into sections and subsections with clear assignment of duties and responsibilities for each of them.

SPLIT OF ORGANISATIONS' GOALS!

The goals of each department or responsibility centre should be spelt out towards the attainment of the overall goals of the organisation. The functional goals should be compatible with the organisational goals.

REALISTIC/ACHIEVABILITY

The target to be set in the budget should be attainable.

If it is set at a level beyond the capacity of employees, they will lose their interest in its implementation. On the other hand, if it is set at a very low level, it will be meaningless as the job, in any case, will be done. It should therefore be set at a level that is realistic and achievable…fairness!

PARTICIPATION

All the key employees should be involved in the preparation of the budget. Participation brings about commitment. Commitment enhances the efficiency and productivity of employees.

COVERAGE

To reap the benefits of a budgetary control system, it should cover all the areas of the organisation. It should not be partially applied.

CREATION OF AN ENVIRONMENT CONDUCIVE TO BUDGETARY CONTROL

A proper environment should be developed in the organisation for the successful implementation of budgetary control. The employees should be educated about the utility of the system. They should be convinced that it is not a tool of pressurisation upon them to work more but a way to the prosperity of the organisation which will ultimately benefit them.

So, seminar, lecture, executive development programme, et cetera should be held for this cause.

COORDINATION

Co-ordination is an important requirement of budgetary control. It brings in common thinking, mutual trust, and confidence amongst various departments.

FLEXIBILITY

A budget should be amenable to change if the changing situation so warrants.

REPORTING SYSTEM

The success of budgetary control depends upon a good reporting system. The actual performance vis-a-vis the target should be continuously reported to the management to enable them to take corrective action in the areas which are not performing well.

WHAT ARE THE STEPS TO A GOOD BUDGETARY CONTROL SYSTEM?

Budgetary control has the following stages:

DEVELOPING BUDGETS

The first stage in budgetary control is *developing various budgets*. It will be necessary to identify the budget centres in the organisation and budgets will have to develop for each one of them.

Thus, budgets are developed for functions like purchase, sale, production, manpower planning as well as for cash, capital expenditure, machine hours, labour hours and so on.

Utmost care should be taken while developing the budgets. The factors affecting the planning should be studied carefully and budgets should be developed after a thorough study of the same.

RECORDING ACTUAL PERFORMANCE

There should be a proper system of recording the actual performance achieved. This will facilitate the comparison between the budget and the actual. An *efficient accounting and cost accounting system* will help to record the actual performance effectively.

COMPARISON OF BUDGETED AND ACTUAL PERFORMANCE

One of the most important aspects of budgetary control is the comparison between the budgeted and the actual performance.

The objective of such a comparison is to find out the deviation between the two and provide the base for taking corrective action.

CORRECTIVE ACTION

Taking appropriate corrective action based on the *comparison between the budgeted and actual results is the essence of budgeting.*

PREPARATION OF BUDGETARY CONTROL

For complete success, a solid foundation should be laid down and the following aspects are of crucial importance:

BUDGET COMMITTEE

For the successful implementation of the budgetary control system, there is need for a budget committee. In small or medium-sized organisations, the budget-related work may be carried out by the Finance Manager.

However, in large size organisations, there is need for a budget committee consisting of the CEO, Budget Officer and Heads of main departments in the organisation.

The main functions of the budget committee are to get the budgets prepared and then scrutinise it, to lay down broad policies regarding the preparation of budgets, to approve the budgets, to suggest for revision, to monitor the implementation and to recommend action to be taken in a given situation.

BUDGET CENTRES

The establishment of budget centres is another important pre-requisite of a sound budgetary control system. A budget centre is a group of activities or a section of the organisation for which budget can be developed.

For example, manpower planning budget, research and development cost budget, production and production cost budget, labour hour budget and so on.

Budget centres should be defined clearly so that preparation becomes easy.

BUDGET PERIOD

A budget is always prepared before a defined period. This means that the period for which a budget is prepared is decided in advance.

Thus, a budget may be prepared for three years, one year, six months, one month or even for one week. The point is that the period for which the budget is prepared should be certain and decided in advance.

BUDGET MANUAL

The budget manual is a schedule, document or booklet, which contains different forms to be used, procedures to be followed, budgeting organisation details, and set of instructions to be followed in the budgeting system.

It also lists out details of the responsibilities of different persons and the managers involved in the process.

PRINCIPAL BUDGET FACTOR OR KEY FACTOR

A key factor or a principal budget factor [also called constraint] is that factor the extent of whose influence must first be assessed to prepare the functional budgets.

The key factor puts restrictions on the other functions and hence it must be considered carefully in advance. So continuous assessment of the business situation becomes necessary.

In all conditions, the key factor is the starting point in the process of preparation of budgets.

Budgets offer some advantages. They have potential drawbacks as well. Both are summarised below.

	STRENGTHS	WEAKNESSES
1.	Budgets facilitate effective control.	Budgets may be used too rigidly.
2.	Budgets facilitate coordination and communication.	Budgets may be time-consuming.
3.	Budgets facilitate record keeping.	Budgets may limit innovation and change.
4.	Budgets are a natural complement to planning.	However, Budgets hamper development, change, the flexibility of the plan.

DIFFERENCE BETWEEN BUDGET AND BUDGETARY CONTROL

POINT OF DIFFERENCE	BUDGET	BUDGETARY CONTROL
Nature	Budgeting is the formulation of the plan of the organisation.	Budgetary control refers to the control of business activities.
Aims	The budget sets the target to be achieved	Budgetary control aims at attaining that target.
Dependency	Budget can be set without follow up action i.e., without budgetary control.	budgetary control is not possible without a budget. However, budget without the budgetary control will not be of much
Assumption and Actual	The budget is forward-looking. It charts out the course of action to be followed in the future.	But budgetary control is concerned with actual performance. Its objective is to make the actual performance confirm
Continuity	Budgeting is a one-time job done before the budget period. However, due to the changing situation, the budget may require revision during the budget period.	Implementation of budgetary control involves the measurement of actual performance and comparison of the same with the target to analyse the variance. The process is continuous and carried out throughout the budget period.

CONCLUSION

Budgeting is the formulation of plans for a given future period in numerical terms. Organisations may establish budgets for units, departments, divisions, or the whole organisation.

The usual period for a budget is one year and is generally expressed in financial terms. Budgets are the foundation of most control systems.

They provide yardsticks for measuring performance and facilitate comparisons across divisions, between levels in the organisation, and from one period to another.

Management accountants, read and apply the principles outlined above. ■

Sydney Chanda Musonda
MBA ACCA AZICA Dip Taxation
The Author is a Senior Associate member of both ZICA and ACCA with 17 years of industrial experience in Service, FMCG and Manufacturing industries. He has robust knowledge in Management Accounting, Corporate Financial Reporting, Risk Management, Audit and Business Advisory. He is currently the Reporting Accountant at Dangote Cement Industries Group.

AN ACCOUNTANT AND EXCELLENCE

Do you recall how you were excited in your early grades in school when your teacher wrote excellent on your exercise or test paper? Do you realise that in most organisations' core values there is excellence?

Imagine the following:

- Submitting a report to your boss earlier than the due date.
- A Zambia where all civil servants are in the office by 08:00 hours, applying their best and are productive.
- Your organisation meeting the targets.
- Every Christian is in church on time and fully dedicate to God as required.

The above scenarios are very much possible if everyone applied excellence in all they do.

WHAT IS THIS EXCELLENCE?

Excellence is defined as the condition of surpassing some standards of expectation. Many people around us, who do not strive for excellence, have hard time and do not feel happy with their lives. However, people who always strive for excellence feel happy, have inner satisfaction and contribute positively to others as well. In other words, excellence is the quality of being outstanding or extremely good.

WHY EXCELLENCE?

Every business, no matter its size, desires to be excellent and once significant progress towards achieving excellence across the various parts of the business is made, it is time to tell everyone about it. Excellence raises a sound strategy thereby improving the profile of the business and as a result leads to improved sales.

Clients prefer dealing with a business that has some credibility and can reduce the risk and stress in acquisition, be it in person or on-line.

Entering Business Awards and coming out as a finalist or winner can have many benefits. These include: acknowledgment that your business is ahead of the pack and has achieved the status of "excellence"; recognition for your staff, suppliers and customers; an opportunity for even greater connection with your customers or clients; knowing that what you are doing in your business is achieving positive results and the reassurance that the decisions you are making and the path that you have plotted for your business is a solid one. Another benefit will be that you attract the best employees and retain the ones you have. Your business will be an employer of choice.

Excellence enhances innovation and idea generation which contributes to the organisation's growth. Further, this also results in increased employee involvement and satisfaction. Product reliability and improved efficiency are other results of excellence, further increasing the sustainability of the business and more profits.

At personal level, one who is excellent tends to receive rewards and promotion. It is that extra effort one put in their research that earned them a degree. It takes excellence to be recognised or awarded.

Excellence leads to personal growth. Every person wants to grow whether in a professional career or business. Personal development allows one to become proactive in a pursuit of a goal. **There is nothing more satisfying than looking at who you are now and realising that you have grown much more than you thought you could.**

To be human is to live to our highest potential.

WHY SHOULD ACCOUNTANTS BE EXCELLENT IN THEIR WORK?

One is bound to ask the question above

after all accountants are merely support staff in an organisation. The support they give to the organisation can make it fall or rise. Did you know that the success of an organisation is driven by the decisions accountants make? And this is where accountants' role becomes critical as most information used for decision-making comes from accountants. What this entails is that accountants need to be excellent in producing the information in terms of quality and timeliness. Most reports produced by Accountants will become useless if they are not produced timeously.

Accounting work is a backbone of many operations of organisations. Imagine losing that contract because an Accountant did not process the payment on time to buy the bid document or because the audited accounts were not available as per requirement of people doing evaluation of bids! As if that is not enough, making wrong decisions because information produced by accountants is not outstanding!

A modern-day Accountant is not a mere number cruncher but a Strategic Business Partner. Accountants should be able to provide key inputs to strategies of organisations and this can only be done by someone who is well vested with the latest information as well as excellent in their dealings.

As a result of the above and many other reasons, it is evident that accountants need to apply excellence in the execution of their duties.

HOW CAN AN ACCOUNTANT ACHIEVE EXCELLENCE?

Committing to excellence is possible by all individuals regardless of ability, age, condition or experience. To achieve one's potential, somewhere deep inside, they must create a belief that they can do it.

Ways of achieving excellence by accountants

Right Attitude towards work

A story is told of a patient who went to see a doctor. He told the doctor that there was something seriously wrong with him. It hurt when he touched his head. In fact, every part of the body that he touched felt painful. His doctor indicated that this was serious and ran a number of tests. When the results finally came out, he asked the doctor what was wrong. The doctor replied, "Oh, it is simple. According to the X-ray, you have a broken finger, so you felt pain wherever you touched." Likewise, if one has the wrong attitude, one would blame others except himself/herself.

Without a proper attitude, one may not even be aware of areas to improve. Excellence is not a skill; it is an attitude.

Excellence requires one to act - Remember, people will judge you by your actions, not your intentions. For example, if you want to learn how to reconcile a bank statement to a cash-book, you need to make an effort by asking colleagues who have done it before and practice with them.

Be willing to improve every day - An accountant should have the attitude of always thinking of better ways to do things. One can constantly do research on the latest information about a specific topic and build up an area of expertise. To be effective, one needs to continuously "sharpen the saw". Seize every opportunity for improvement. Don't be shy to ask those who know more or have more experience. In the digital era, there are limitless opportunities to acquire vast and in-depth knowledge through Internet learning via various online portals.

Learn to plan - If you do not plan your accounting work, a day might elapse without anything to point at that you have achieved. Accountants who achieve excellent results know the importance of planning and plotting the right strategies to achieve desired results effectively. It is important to list down things you are to accomplish and schedule the completion dates according to priorities.

Excellence is a moving target - To achieve excellence requires one to continuously anticipate, prepare and respond to changes in their environment. Therefore, accountants have to adapt to new management styles once new leaders replace old ones, new tax legislations, new accounting standards etc.

RESPONSIBILITY AND ACCOUNTABILITY

Most times lazy people in workplaces lack clear ownership with regards to accountability. The common excuse is "I thought someone was supposed to do that". Each individual who has been assigned specific tasks must hold himself/herself accountable for producing the desired results to the best of their ability. One can blame the system, the policy, the technology or the process for non-performance. However, it is only by holding oneself accountable for the tasks assigned to that they could make a difference in the organisation.

EXCELLENT PERFORMERS WOULD DO WHATEVER IT TAKES TO ELIMINATE THE BARRIERS OR CONSTRAINTS IN THE WORKPLACE

Some of the greatest achievements in the workplace are created by individuals who embrace personal excellence in the way they hold themselves accountable for things that are not done properly. Accountants should take the initiatives to change things around for the better.

Getting things done

An Accountant should ensure by all means things are done excellently. An individual can only build a reputation of personal excellence through the achievements that he or she has chalked up. In fact, the best way to increase one's value is through the constant process of achieving set goals and targets. There are individuals who just like talking too much but their performance is not good.

Accountants must stop indulging in unproductive Office politics" to "look good" or claim credit. Instead, embrace the spirit of personal excellence through one's achievements as it will certainly speak more convincingly than all the manipulative moves one makes in the workplace – which, by the way, would eventually backfire.

Knowing your strengths, weakness, thoughts and emotions, life principles and beliefs are key to excellence and self-evaluation play key role in achieving personal excellence. It is the foundation in gaining personal excellence as it helps you understand yourself deeper, explore your mind, thoughts and attitudes and understand how you deal with challenges. Spend time with self to fully reflect and explore yourself. You will note that there are accountants who are good, for example, at analysing information, others financial management, others debt collection etc.

Love the Profession first and be passionate in all what you do

Some have studied accountancy because they were told that is a well-paying profession, yet others wanted a white collar job. What happens when you join an organisation which is not well paying anyway? Are you still going to do your work with excellence?

What makes you satisfied and happy is when you are doing things that you love the most, and you enjoy these well. Thus, knowing what you really love to do in your life is key to gaining excellence. You should evaluate yourself, understand yourself, what you are good at and what you love to do in all aspects of life. Identify and know what you love to do in your life. If accountancy is not your calling, quit and do what you will enjoy doing otherwise you will not go anywhere

CONCLUSION

Zambia as a country can develop if all its citizens generally applied excellence in all they do and especially accountants who are key in contributing to economic development. Remember that to be human is to live our highest potentials.

To grow and achieve excellence, we should make excellence as our top priority in all aspects of our lives and it can be achieved by always striving to do better. ■

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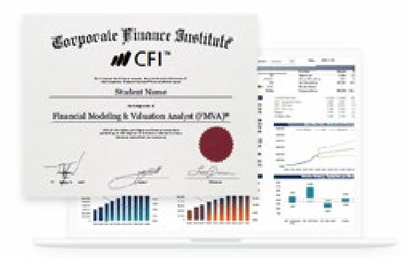

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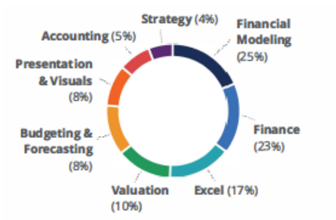

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- Present value, future value, net present value, terminal value
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- Weighted Average Cost of Capital (WACC)
- Enterprise value, equity value multiples
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- Net Present Value (NPV) and Internal Rate of Return (I RR)
- Sum-of-the-Parts (SOTP)

Accounting

- Balance sheet, income statement, cash flow statement
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- Financial transactions
- Prepayments, accrued expenses, unearned revenue
- Operating cash flow, investing cash flow, financing cash flow
- Depreciation methods
- Working capital
- Property, Plant and Equipment (PP&E) and Capital Expenditures (CapEx)

Financial Modeling

- 3-statement financial modeling
- Discounted Cash Flow (DCF)
- Scenario and sensitivity analysis
- Monthly cash flow forecasting
- Accretion/dilution analysis
- Leveraged Buyout (LBO)
- Mergers & Acquisitions (M&A)
- Industry-specific financial modeling

Excel

- Functions and formulas (XNPV, XIRR, PMT,
- IPMT, VLOOKUP, CHOOSE, INDEX MATCH MATCH, OFFSET)
- Auditing tools (tracing precedents/dependents, go to special, conditional formatting)
- Data validation, data table, goal seek
- Solver and Macros

Budgeting & Forecasting

- Incremental, activity based, value proposition, zero based budgeting
- Break-even analysis, margin of safety
- Quantitative forecasting - moving average, simple and multiple linear regression
- Variance analysis
- Budgeting tools - goal seek, solver, consolidate, pivot tables
- Presentations & Visuals
- Dynamic charts and graphs (football field chart, waterfall chart, tornado chart, gravity sort table, gauge chart, bullet charts, sparklines, combo chart)
- Professional pitch decks
- Financial dashboards

Strategy

- Strategic analysis process
- Corporate, business, functional-level strategy
- PEST and Porter's 5 forces
- Competitive advantage
- Key Performance Indicators (KPIs)
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BENEFITS OF IMPLEMENTING AN EFFECTIVE INTERNAL CONTROL REPORTING FRAMEWORK

INTRODUCTION

What comes to mind when we think about the importance of internal controls?

"If one of your employees is determined to steal from you, you probably can't stop them from trying. But, you can stop them from succeeding. And even if they get away with it once, you should be able to catch it early on — *not two years and $700,000 later*" (*Schaeffer, Internal Control Breakdown Study, 2009).*

Internal controls are vital to the success of any company because they ensure reliability of financial records and reporting, compliance with laws and regulations, prevent companies from being exposed to fraud or theft, and support the achievement of corporate objectives. While some companies in Zambia are now required by regulation to implement and monitor a system of internal controls over financial reporting, all other companies could equally derive significant benefits from implementing and monitoring an effective system of internal controls.

CURRENT REGULATORY LANDSCAPE

On 19th July 2019, the Government of the Republic of Zambia issued the Securities Guidelines (Internal Control Reporting Framework for Issuers of Registered Securities) ("the Guidelines"). These Guidelines were issued to provide guidance to issuers and auditors on the application of Sections 146, 147 and 149 of the Securities Act, No.41 of 2016 regarding the implementation of internal control reporting framework. The guidelines define internal control over financial reporting as "*a process designed by, or under the supervision of the company's Chief Executive Officer and Chief Financial Officers or persons performing similar functions, and implemented by a company's board of directors, management and other personnel, to provide* ***reasonable assurance*** *regarding the reliability of financial statements for external purposes in accordance with generally accepted accounting principles."*

The implementation of these guidelines will be in two (2) phases as summarised below.

Phase 1 - All submissions to the Securities Exchange Commission (the Commission) during this phase will not be made available to the public.

	Key outputs or reports
Year 1 (31 Dec. 2019)	Gap analysis of existing internal control system against a widely recognised framework such as COSO framework.
Year 2 (31 Dec. 2020)	Management self-certification of effectiveness of the internal control environment.
Year 3 to Year 5 (31 Dec. 2021 to 31 Dec. 2023)	- Management self-certification of the effectiveness of the internal control environment. - External auditor's assurance report on the existence, adequacy and effectiveness of the internal control environment.

Phase 2 - Annual reports, management self-certifications and auditor's assurance report on internal controls submitted to the Commission but made available to the public.

COMMON INTERNAL CONTROL CHALLENGES

Section 4.3.3 of the Guidelines precludes management from concluding that a company's internal control over financial reporting is effective if it identifies one or more material weaknesses in the company's internal control over financial reporting. The Guidelines do not define a material weakness but we can make reference to its definition by the Public Company Accounting Oversight Board (regulator of US public audits) as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Common internal control challenges which are indicative of the possible existence of a material weakness in the company's internal control system are discussed below.

Auditor identified misstatements – Material adjustments identified in the financial statements during the audit which were not initially identified by management are indicative of a material weakness in the company's internal controls. In addition, misstatements that are not material could still be indicative of a material weakness when the deficient controls that resulted in the immaterial misstatement in the current period are assessed for their severity. When assessing the severity of a control deficiency, one must look at what "could" have happened not only "what" happened. For example, an immaterial error identified in the depreciation expense recognised by the company could be indicative of a material weakness when the deficient control is assessed for the likelihood of the entire property, plant and equipment account balance being exposed to a material misstatement.

Restatement of previously issued financial statements - Restatements to reflect the correction of a material error (which does not include restatements to reflect a change in accounting principles to comply with new accounting standards) are also indicative of a material weakness in the internal control environment.

Lack of segregation of duties – There is an opportunity that is created to commit fraud or misappropriate assets when an individual performs incompatible tasks, such as a controller who approves his or her own purchase requisitions.

Inadequate training of staff/lack of the necessary qualifications – This applies to control owners or operators. For example, there is a risk that the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the company's financial transactions or preparing its financial statements.

Inappropriate reliance on third parties – There is a risk that management may be placing inappropriate reliance on the effectiveness of key controls within significant business processes executed by third parties. When these key controls at the third party are not tested or the third party does not provide a report on the results of the tests of its controls, the company's transactions could be exposed to material misstatements due to the likelihood of the existence of deficient controls at the third party.

BENEFITS OF IMPLEMENTING AN INTERNAL CONTROL REPORTING FRAMEWORK

Several benefits can be derived from maintaining an effective internal control environment to prevent the occurrence of common internal control challenges such as those described above.

Increased attention from investors - Implementing an internal control framework that is regularly assessed for its effectiveness signals strong corporate governance principles in the company, which should translate into strong business results and increased shareholder value. The resulting benefits will be cheaper sources of capital.

Initial Public Offering (IPO) readiness or issuance of securities - Companies that intend to raise capital by going public or issuing debt securities would benefit immensely from implementing a system of internal controls that is compliant with the requirements of the Commission well before the IPO to allow sufficient time for implementation readiness.

Reduced regulatory compliance costs – Maintaining an effective internal control framework could ultimately result in streamlined processes and better management of regulatory compliance. For example, if the company does not have effective controls in place to ensure compliance with regulations issued by the Zambia Revenue Authority (ZRA), it is highly likely that penalties and fines will be regularly incurred for non-compliance. The cost of penalties and fines in certain instances far exceed the cost of implementing effective controls specific to regulatory compliance and one such example is the penalty that could be assessed by ZRA of up to ZMW 24,000,000 (approximately $1,000,000) for non-compliance with the transfer pricing policy documentation requirements.

Detection of significant issues - With a well-established internal control framework, management can expect to detect significant issues well before the external audit. Misstatements or errors identified during the external audit have a root cause of either a missing control or an inadequately designed control. As discussed above, material misstatements identified by the external auditors would be indicative of a material weakness in the internal control environment. However, with an effective internal control reporting framework, management should expect to have adequate controls in place to mitigate the occurrence or the identification by the external auditors of significant issues.

Comprehensive assessment of control deficiencies - In the absence of the requirement to provide reasonable assurance on the effectiveness of the internal control environment, management's assessment of the severity of identified control deficiencies will not be as robust. To evaluate the effectiveness of an internal control system, management must qualitatively and quantitatively assess the severity of identified control deficiencies to arrive at a conclusion as to whether a material weakness exists.

Timely response to changes in the business and regulatory environment, including accounting standards - The risk of material weaknesses in the internal control environment is heightened when significant changes occur in the business, regulatory and financial reporting environment. However, with an effective internal control reporting framework, companies should be able to respond timely to these changes. Over the last few years there have been three (3) significant new accounting standards i.e. IFRS 9 - *Financial Instruments*, IFRS 15 - *Revenue from Contracts with Customers* and IFRS 16 - *Leases*. Companies that had established internal control systems were more prepared and had less adjustments to effect after the external audit. However, companies that did not have adequate internal control systems in place specific to complying with these new accounting standards did very little and this likely resulted in material audit adjustments and additional audit costs. The latter is indicative of a material weakness in the internal control environment.

CLOSING THOUGHTS

Management should carefully assess the adequacy of their company's existing internal control reporting framework. If one or more of the common internal control challenges described in this article are prevalent, this may be an indication that the existing internal control system may not be adequate. Maintaining an effective system of internal controls is a continuous process and significant benefits can be derived from this iterative process. Now is the time to evaluate the adequacy of the internal control environment and not *"two years and $700,000 later."* ■

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Rabecca Hichilo is an Associate Director with KPMG Zambia. The views expressed in this article are her own and not necessarily those of KPMG.

ARTIFICIAL INTELLIGENCE AND ITS IMPACT ON WORKFORCE DYNAMICS AND PRODUCTION

Artificial intelligence (AI) refers to the simulation of human intelligence in machines that are programmed to think like humans and mimic their actions (Moravec: 1988). The term may also be applied to any machine that exhibits traits associated with a human mind such as learning and problem-solving.

The history of Artificial Intelligence (AI) began in the ancient times before the Middle Ages, with myths, stories and rumors of artificial beings endowed with intelligence or consciousness by master craftsmen. The seeds of modern AI were planted by classical philosophers who attempted to describe the process of human thinking as the mechanical manipulation of symbols. This work shaped up inventions of the programmable digital computer in the 1940s, a machine based on the abstract essence of mathematical reasoning. This device and the ideas behind it inspired a handful of scientists to begin seriously discussing the possibility of building an electronic brain.

Asserts Kaplan, Andreas; Haenlein, Michael (2019) assert that the field of AI research was founded at a workshop held on the campus of Dartmouth College during the summer of 1956. It was predicted that a machine as intelligent as a human being would exist in no more than a generation and millions of dollars were funded to make this vision come true.

Eventually, it became obvious that they had grossly underestimated the difficulty of the project. In 1973, in response to the criticism from James Lighthill and ongoing pressure from congress, the U.S. and British governments stopped funding undirected research into artificial intelligence, and the difficult years that followed would later be known as an "AI winter". Seven years later, a visionary initiative by the Japanese Government inspired governments and industry to **provide**.

In the early seventies, the capabilities of AI programmes were limited. Even the most impressive could only handle trivial versions of the problems they were supposed to solve; all the programmes were, in some sense, "toys" (Crevier: 1993). AI researchers had begun to run into several fundamental limits that could not be overcome in the 1970s. Although some of these limits would be conquered in later decades, others still **hinder** the field to this day.

Investment and interest in AI boomed in the first decades of the 21st century when machine learning was successfully applied to many problems in academia and industry due to new methods, the application of powerful computer hardware, and the collection of immense data sets.

Recent evidence indicates an upsurge in artificial intelligence and robotics (AI) patenting activities in the latest years, suggesting that solutions based on AI technologies might have started to exert an effect on the economy. The effect concentrates on SMEs and services industries, suggesting that the ability to quickly readjust and introduce AI-based applications in the production process is an important determinant of the impact of AI observed to date.

AI AND THE FINANCIAL MARKETS

If you have been following banking, investing, or cryptocurrency over the last ten years, you may have heard the term "blockchain" - the record-keeping technology behind the Bitcoin network.

Blockchain seems complicated, and it definitely can be, but its core concept is really quite simple. A blockchain is a type of database. A database is a collection of information that is stored electronically on a computer system (Oxford University Press: 2013). Information or data, in databases, is typically structured in table format to allow for easier searching and filtering for specific information. A database is designed to house significantly larger amounts of information that can be accessed, filtered, and manipulated quickly and easily by any number of users at once.

For many investors and analysts, the 2008 financial crisis is a powerful demonstration of what happens when the financial world puts too much trust in centralised institutions. While cryptographers and computer scientists had already developed ideas for digital cash and some of the mechanisms involved in modern-day cryptocurrencies, the events of 2008 were in many ways a set of catalysts for the digital currency space as it exists today (Nakamoto: 2008).

While it is impossible to go back in time, some supporters of blockchain believe that if the new technology had been in existence earlier in the century, it might have prevented 2008s events from happening in the first place. A recent report by Coin Telegraph highlights some of the members of the cryptocurrency community who believe that distributed ledger technology could now help to prevent subsequent global financial turmoil as well, among them is the icon Satoshi Nakamoto who denies being the pioneer of Bitcoin (Satoshi: 2008).

THE PROPHESIED JOB APOCALYPSE

What an impact AI is having on production (the factors of production)! Factors of production are resources or inputs used in the production process to produce output that is, finished goods and services (Paul A:2004).

Until in the first half of the 20th century, some authors added the work of organisation or entrepreneurship as a fourth factor of production (Encyclopedia Britannica: 1930). This became standard in the post-war neoclassical synthesis. Traditionally it was expected that as population increases, labour force increases. Statistically a one percent increase in state population is expected to have some 0.74 percent increase in labour force size (Kümmel: 2007).

The "technocrats" have prophesied the coming jobs apocalypse. Mark Cuban, for example, warned of the impending doom: "Literally, who you work for, how you work, the type of work you do is going to be completely different than your parents within the next 10 to 15 years." Kai-Fu Lee, the founder of venture capital firm Sinovation Ventures, claimed multiple times that robots are likely to take some 50 percent of jobs in the next decade. Vivek Wadhwa predicted that this number would be closer to 80 or 90 percent of jobs. Elon Musk, predicted that, "There certainly will be job disruption", all stating;

> "Robots will cause unemployment and we need to prepare for it".

Even with historical lows in unemployment, the message has been received. Around the world, majorities are convinced that in less than a lifetime robots will be doing much of the work humans currently do. Nearly 65 percent globally think robots, not humans, will be the primary workers in the next 50 years. Surveys also suggest that 35 percent are not convinced yet that their jobs will be automated away. COVID-19 is an equalizer; it has radically reshaped the economy and the labour force.

Since its rapid spread around the globe, we have experienced the Titanic iceberg shifts in *how we work, where we work, and the technologies we use to stay connected.* Reminding everyone that indeed AI is redefining job description; robots are coming for our jobs.

Artificial Intelligence will make learning and development a more important agenda for organisations, making it easier to identify the Learning and Development (L&D) Initiatives at Workplace that are really contributing to the picture. This, in turn, will hopefully make upskilling more of a priority for organisations. The gap between the skills performed by people and those by machines is narrower today than ever before. As technology and robotics gather momentum, almost every job profile is being reimagined, which will also affect how jobs are designed, work is structured, and the future is forecasted. Data analyses coupled with the application of human knowledge, creativity, and understanding, will provide decision-making support that will become AI's greatest offering.

AI is likely to positively drive performance as AI tools for human capital and performance management become common, provided executive directors realise that they will be able to recruit, hire and develop people based on talent, value, and skills as opposed to years of experience or education levels. We will have significantly more computing power and data-driven insights to make calculated, well-informed decisions. HR teams can focus on matching people to the right roles more accurately as per their behavioural attributes, strategic talent and performance experiences. Transactional tasks can be supported by AI.

LEARNING TO BECOME MORE CONTINUOUS

Workforces will also be able to move closer towards continuous learning. In most workplaces, unfortunately, training is episodic. But by using AI to help analyse the current status, role, behaviour, satisfaction, engagement and sentiment of each employee, companies will be able to deliver training and skills development opportunities to employees at the right time to support career path planning and retention. Aside from skill upgradation, this will also help to reduce disengagement and attrition. With micro-learning gaining popularity, learning modules are being increasingly broken up into more digestible pieces, providing employees, students with access to learning material when they need them "just in time learning", for, instance examinations techniques videos Accountancy Institutes are offering i.e., ZiCA, CBU, UNICAF et cetera.

Managers who are going to embrace AI are guaranteed seeing employee productivity improve and this will have a bearing on recruitments. There will be a renewed emphasis on employee productivity. A lack of quality talent acquisition increases the levels of coordination and management required, meaning that productivity goes down. When the hiring emphasis is on quality and productivity, benefits increase for the organisation as well as for its employees.

AI and people analytics tools can support HR in gathering data to determine the habits and characteristics of the highest-performing people and teams. The findings of these can be used in future recruitment and talent development initiatives for the organisation. Technology will inevitably take over some of the tasks that humans do today.

Executive directors need to realise that AI will usher in its own new classification of jobs across teams. As the technology permeates every business unit, its growth will stimulate the creation of millions of new, highly skilled, well-paying positions across every industry.

This points to the popular COVID-19 workplace disruption experience in 2020. And although companies may face new hurdles in making the distorted Brick and Mortal Office Space to Virtual Office spaces a reality, they will likely be met with a more streamlined approach, higher productivity, and greater engagement if they embrace AI. The future of work will likely accelerate as a function of where we are in the advancement of technology.

This will put the onus on HR managers to identify skills, attributes, and talent growth strategies necessary to fill and retain AI-oriented roles, while remaining in sync with corporate values and strategy.

AI and related technologies have not replaced humans entirely and are unlikely to do so fully. AI will enhance humans' analytical capabilities and automate a number of mundane back-office tasks, reducing costs across the board. AI and other technologies are tools to compliment "*Labour*", one of the factors of production; and advisors, organisations and employees in general who wish to continue to prosper will need to continuously stay on top of these technologies and strategically incorporate them into their practices.

The question is; what skills should accountants develop instead to take on more complex work in the future?

This development will require great cross-functional attention, ideation, and collaboration across sectors. And certainly, in the end, perhaps CEOs need a hybrid approach, combining desirable aspect from each hired AI-oriented skill staff. ■

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COST MANAGEMENT, THE WAY TO SURVIVE DURING COVID-19

The last quarter of 2019 the world was struck by a deadly epidemic called COVID-19, which is purported to have originated from China's Wuhan Province. This disease moved across borders at a faster rate due to human-to-human interaction through business, **family and social basis and this changed how the world lived before the pandemic. One thing for sure which has changed is the way firms are managing their businesses during the times of COVID-19 and this has called for survival strategies in order to see tomorrow both at personal and corporate levels. One of the survival strategies employed by most businesses, big or small, is reduction of cost/ expense. This article has listed, not exhaustive, some of the ways a business may try to minimise on expenses.**

MAKE USE OF TECHNOLOGY/IT

Technology will help you reduce human-to-human interaction which in turn will help to reduce the cost associated with interaction. For instance, the cost of traveling to meet up with a client can be avoided by making use of video conferencing applications such as WhatsApp, Skype and Zoom. During the peak of the pandemic, we saw human interaction going digital as most organisations conducted their virtual AGMs, colleges and universities conducted virtual graduations.

PAPERLESS TRANSACTION

This involves the avoidance of paper to record transactions or billing customers. Instead of billing customers on physical invoice, online billing or sending invoices via email may be used as a substitute and this may prove to be cost effective and less time consuming. Expense on printing and stationery may be significant as operating expense when aggregated annually on the income statement.

SHOP AROUND FOR BETTER PRICES.

One of the good practices when it comes to purchases is to at least get a minimum of three quotations from three different suppliers. This will provide you an opportunity to weigh the prices that best suit your budget. Of course, it is not always beneficial to the company to go for the lowest prices at the expense of quality.

Stick to the budget

Before any expense is approved or incurred, it is important that a check is done to ascertain whether it was provided for in the budget at the beginning of any period of activities. Budgets act as a good control tool that ensures that only expenses that were planned for are incurred. If it was not budgeted for, don't spend on it.

PROMPT PAYMENT

As a business, try to make use of cash discounts offered by your vendors. Discounts provide you an opportunity to reduce on payments thus giving a relief on cash outflows. In some cases, delayed payments will attract interests from vendors plus other legal cost associated with unpaid debt which may form part of operating cost in the books.

FORMULATE A PROPER CREDIT POLICY

Most companies have turned a blind eye when it comes to formulating efficient and effective credit policies. A good credit policy will act as a control mechanism that will enhance and provide for a sound debtors management system, which will track whether old and new debtors are in good standing with the business and if at all they must enjoy the credit facility. This will help the business minimise outstanding invoices that are aging and eventually becoming bad debts. Take note; credit policies must be formulated with caution as unfavourable or strict policies may result into loss of customers who may be lured by competitors with favourable credit terms. Loss of customers is a cost to the business.

KEEP TRACK AND MONITOR EXPENSES

It helps to have systems and controls in place that will keep track of how company resources are being used**.** For instance, basic record keeping of log books for fuel drawn is important as it will provide a clear picture of how much was incurred in a particular period. In addition, this will also provide a base for decision making of how much to allocate for the forthcoming period for budgeting purposes.

Conduct cost benefit analysis on some expenses

For accountants who the custodians of numerical data, it can be beneficial to the business to carry out a cost benefit analysis on certain operating expenses on the income statement. For instance, analyse whether it is beneficial for the business to maintain an in-house cleaner on the payroll or to outsource the cleaning services. This can also be carried out on other operating expenses.

BUY OR HIRE

Decisions can be made to purchase or hire certain office equipment, vehicles, and machinery. Sometimes owning and maintaining your own assets on the balance sheet can require huge cost of repair and maintenance as the risk and rewards are borne by the business. Unlike when an asset is hired, the risk is transferred to the vendor (refer **to IFRS 16 Lease Accounting treatment).**

ADOPT A LEVEL OR CHASE STRATEGY

In operations management language, the demand for resources must be matched with supply to minimise cost. During the COVID-19 pandemic, businesses adopted this strategy due to reduced business activities. Most economies across the globe went into recession and this resulted into reduced demand for most consumer goods and services. This forced most businesses to match their supply of resources such as materials, labour and production capacity against the demand for goods and services from customers.

Level Strategy: This requires business to keep a steady supply of resources for production purposes during low demand by stockpiling inventory to cater for a sudden surge in demand. However, this strategy comes with the cost of holding inventory such as storage, insurance and obsolescence.

Case Strategy: This strategy involves matching the supply of resources with the level of demand. As demand goes down so must supply. This will require laying off workers during low demand and rehiring during peak periods. This strategy is mainly used in the mining and production sectors. During COVID-19 pandemic, we saw businesses from a wide spectrum - retail, tourism and agriculture - adopting this strategy. However, this must be done with caution to avoid legal battles and settlement of terminations cost.

COMPLIANCE LEVELS AND SMARTER WAYS OF PAYING TAXES

During hard times of COVID-19, businesses must ensure they are up-to-date with their tax compliance with regulatory authorities by submitting and paying taxes on time to avoid fines and penalties. In a situation where a business is undergoing cash flow challenges and unable to pay on time, regulatory authorities must be informed and probably enter into an agreement on how to settle unpaid taxes. Administratively, it is a burden of complying with taxes in Zambia. The question is how much do businesses pay in taxes on average annually? On average, a firm makes 37 payments of taxes and spends more than 200 hours per year in filling taxes and making payments. This constitutes about 15 to 16 % of profits before interest and tax in administrative expenses. This is one area that ZRA has identified and in its quest to help the taxpayer reduce the cost, the tax authority has introduced a wider payment platform that enables the taxpayer file and pay tax returns from anywhere at any time. This includes using mobile phones, mobile money and other electronic payment systems. As earlier mentioned, the use of technology can greatly help businesses reduce both administrative and operational expenses.

Business must also ensure that they don't indulge in illegal activities such as smuggling, tax evasion as a means to survive during these difficult times. When found wanting by the law due to non-compliance and violation of laws and regulations, the going concern of the business can be negatively impacted by fines and penalties charged on the business. Fines and penalties are disallowable expenses for income tax purposes, thus will increase the income tax payable.

TRAIN AND EDUCATE STAFF ON COST REDUCTION

Cost reduction strategies formulated by top management and not communicated down to employees may not bear the desired fruits. Management must ensure that it communicates strategies put in place to its employees and benefits expected to accrue from the cost reduction strategies for employees to appreciate and be part and parcel of the cost reduction strategies, otherwise employees may perceive the strategies as a threat to their job security and indulge in counterproductive and withdraw behaviour. ■

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ZICA CEO Mr Bonna Kashinga signing the book of condolence for the late Dr Kenneth Kaunda, first Republican President of the Republic of Zambia

ZICA President Mrs Cecilia Zimba signing the book of condolence for the late Dr Kenneth Kaunda, first Republican President of the Republic of Zambia

Left to right: ZICA President Mrs Cecilia Zimba, Immediate past CEO of PAFA Mr Vickson Ncube, ABSA Zambia Managing Director Mrs Mizinga Melu and ICAM President Mrs Phyles Kachingwe during the International Executive Retreat held at Falls Park Mall in Livingstone from 11th to 13th May 2021

ZICA Director Education and Training Mrs Elizabeth Musukwa (right) presenting the approved employer certificate to the Mr Godsave Nhekede, Head of Audit, BDO Zambia Limited

ZICA Director Membership and Corporate Services Ms Patricia Hantumba during the International Executive Retreat held from 12th to 13th May 2021 in Livingstone

ZICA Director Education and Training Mrs Elizabeth Sondashi Musukwa with the team from St. Francis Hospital hospital in Katete, Eastern Province

ZICA members attending a meeting with the Director Education and Training during the employer visits held in Chipata

ZICA Director Education and Training presenting a hamper to the Chadiza Council Secretary Mr Phinias Mtonga during the stakeholder engagement meeting

Left to right: Immediate past CEO of PAFA Mr Vickson Ncube, ZICA Council member Ms Changwe Mulimbika and ZICA Fellow member Mr Robert Malasha

ZICA President Mrs Cecilia Zimba with the Republican President Mr Hakainde Hichilema during a courtesy call on him at his residence on Friday, 20th August 2021. Mrs Zimba was part of a team of women from the Corporate World

ZICA President Mrs Cecilia Zimba sharing a light moment with Republican Vice-President her Honour Mrs Mutale Nalumango during a courtesy call on her 19th of August 2021

MOBILE MONEY ELECTRONIC TRANSACTIONS FOR FINANCIAL INCLUSION

1.0 BACKGROUND

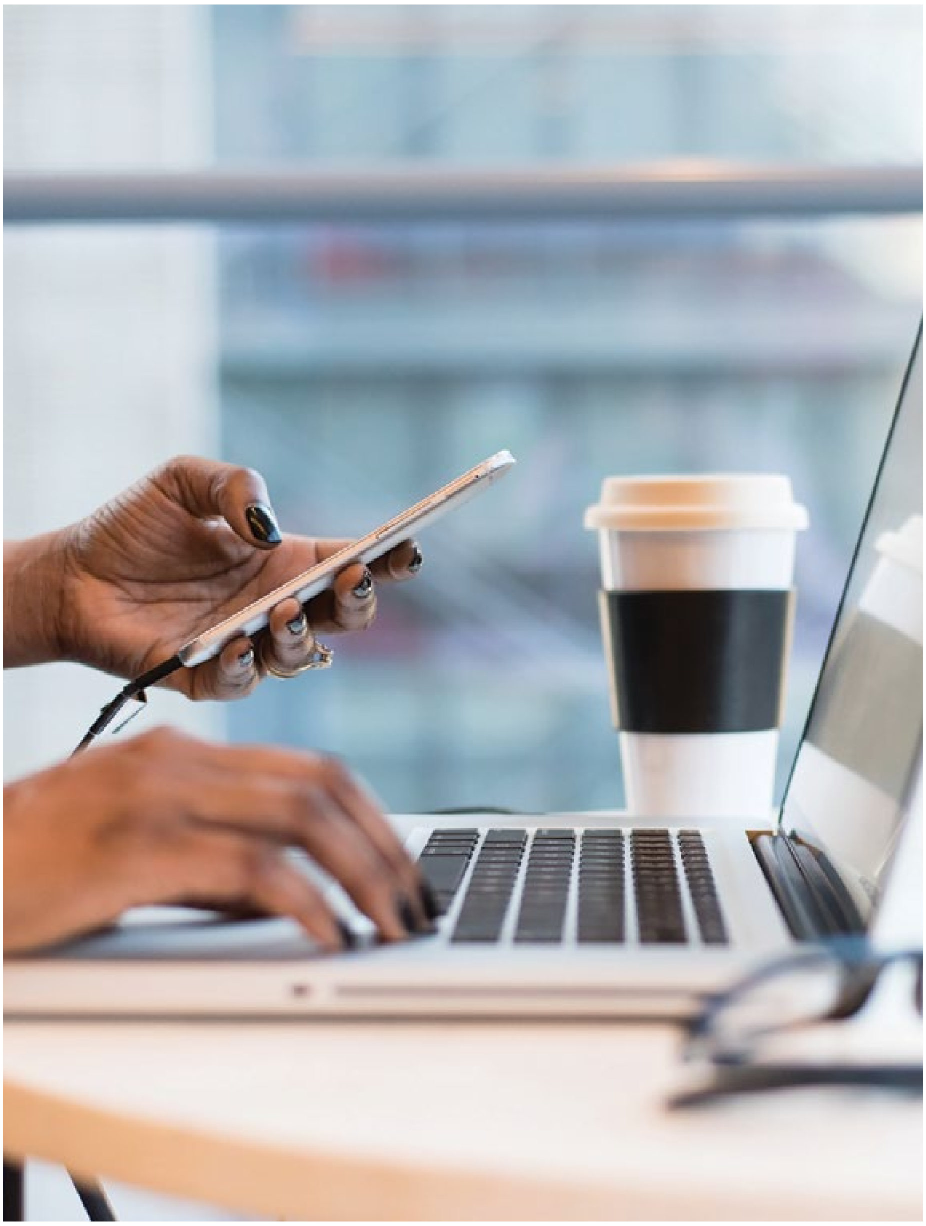
The mobile telecommunication industry in Zambia and across the world has significantly grown over years. This growth has been propelled by ever increasing competition among industry players. In order to remain competitive in the market, telecommunication companies have continued to invest huge sums of money in research and development which has resulted in creation of products that are significantly different from their traditional data and voice services. In March 2007, Safaricom in Kenya launched a platform called M-Pesa, an SMS based money transfer system that allows individuals to send, withdraw and deposit money using their cell phone and within a month of its introduction on the market, 20,000 customers were registered, a figure that was well ahead of the target (Hughes and Lonie, 2007).

The swift take-off was a clear indication that M-Pesa was filling a gap in Kenya's Financial Market. In many countries around the world, this form of transactions is commonly known as mobile money electronic transactions or mobile money, a transformative technological development that provides a platform to access financial services via a mobile phone.

Just like a normal bank account, M-Pesa allowed people to store money on their phones through an agent, perform transactions like paying for utility bills and buying talk-time electronically (Hughes and Lonie, 2007). Motivated by the success story of M-Pesa, many countries, especially in Africa have adopted mobile money electronic transactions as a way of extending financial services to the unbaked (Kyule et al. 2018). In Zambia, Mobile Money was first introduced by Airtel in 2011, MTN in 2012 (de Bruijn et al. 2017) and Zamtel money was later launched in 2017.

2.0 HOW MONEY ELECTRONIC TRANSACTIONS WORK

The way mobile money works is relatively easy and simple. On the customer side, the costumer will first visit a mobile money agent for registration depending on the proximity and service provider preference. The key requirement for registration process is usually National Registration Card, passport or driver's lincence. Other service providers like Airtel allows its customers to sign up without any documentation. Unlike formal bank



accounts that may take some days, mobile money transactions account registration takes just a few minutes. To be able to make any payment from the account, a customer must deposit cash into it first. Cash deposits are done through registered mobile money agents. Cash is given to an agent and an instant notification is sent to a customer that money has been deposited to his or her account. From that credit, a customer can transfer money to other mobile money subscribers, pay for utility bills, pay statutory obligation and buy talk time or data without visiting an agent. To get cash, the customer will visit the nearest agent and transform his e-cash by transferring equivalent credit into the Agent's account. Each of the transactions comes with a fee depending on the value (Suri, 2017).

3.0 FINANCIAL INCLUSION

According to Kapena (2014), financial inclusion is the state where every person in a society has access to affordable financial services and derives meaningful benefits of a well function financial system. This definition implies that there is a probable chance that some members of the society may have no or limited access to financial services and systems. This situation extends the concept of financial inclusion to finding means of ensuring that those who are excluded are included. Though there may be many other different ways of defining financial inclusion, the underlying meaning remains the same, i.e., access to financial services. Dixit and Ghosh (2013) defined financial inclusion as, "delivery of various affordable financial services and credit to everyone including low-income earners that are usually financially excluded and disadvantaged". The financial services include savings, payments, remittances, insurance and loans. On the other hand, the Ministry of Finance (2017), defined financial inclusion as, access and informed usage of a broad range of quality and affordable savings, credit, payment, insurance, and investment products and services that meet the needs of individuals and businesses. According to Ministry of Finance (2017), **Access** is defined as close physical proximity to financial institutions and markets; **informed usage** is the active use of financial products or services by financially capable consumers; **quality** implies that the products used are suitable, satisfy customer needs, and meet acceptable consumer protection standards while **affordable** means products that are within the means of customers and are sustainable for the provider. Lastly, Atkinson and Messy (2013) defined financial inclusion as "a process of promoting access to a variety of well monitored financial products and services and increasing their use by all members of society by implementation of a well structured innovative approaches and education". In order for a country to attain full inclusion, the following are of great importance:

Financial services should be accessible to all - this is often seen as the goal of financial inclusion.

Financial services provided should also be of quality -quality financial inclusion includes the following traits: affordability, convenience, product-fit, safety, dignity of treatment, and client protection.

Financial inclusion involves provision of the full suite of basic financial services. This refers to a group of core financial services that include basic credit, savings, insurance and payment services (Gardeva and Rhyne, 2011).

3.1 FINANCIAL INCLUSION IN ZAMBIA

Promotion of financial inclusion has become one of the key priorities for the Zambian government. In recognition of the long-term importance of development of the financial sector in sustainable economic growth and poverty elimination, the Government of the Republic of Zambia launched the Financial Sector Development Plan (FSDP) in 2004. The Financial Sector Development Plan is a comprehensive strategy to build and strengthen the financial sector infrastructure. Its aim was to put a stable market based financial system that will contribute to and support resource mobilisation necessary for economic diversification and sustainable growth (FinMark Trust, 2006). Zambia has further been actively involved in the Alliance for Financial Inclusion (AFI) since its establishment and in 2011, Zambia was among the first countries to sign the Maya declaration which is a global set of measurable commitments to financial inclusion (AFI, 2013). Additionally, the Government through the Ministry of Finance has so far adopted two Financial Inclusion Strategies – 2004 - 2009 and 2017 - 2022.

The National Financial Inclusion Strategy (NFIS) is a refreshed commitment to ensure access to financial services in Zambia and it builds on previous efforts and various ongoing Government initiatives. The primary objective of financial inclusion in Zambia is to ensure universal access to usage of a broad range of quality and affordable financial services and products. In achieving this objective, it is expected that all Zambians will reap benefits of financial inclusion. Indicating that individuals will be able to use appropriate and relevant savings, credit, payment, insurance, and investment services to manage risks, plan for the future, and achieve their goals, and firms will be able to access affordable financing to facilitate innovation and firm growth and create employment (Ministry of Finance, 2017).

In order for the financial sector reform process to be effective, the Government of the Republic of Zambia identified the need to strengthen and broaden understanding of the dynamics of the financial markets, both from supply and demand side. Such understanding was critical in guiding policy makers, regulators and financial services providers alike in their strides to promote and foster better access to appropriate financial services by all Zambians (FinMark Trust and African Heights, 2010).

According to FinMark Trust and African Heights (2010), The FinScope Zambia 2005 findings highlighted that the level of financial inclusion in Zambia was relatively low at the time the survey was conducted, with only one in seven adults having a bank formal product and only a third being served by one or more formal or informal financial products. The proportion of Zambia's unbanked adult population was materially higher than in other African countries where FinScope data is available.

The initial FinScope survey was conducted in 2006, covering 2005. The purpose of the survey was to provide information regarding Zambian's comprehensive strategy for strengthening, broadening and deepening Zambia's financial sector under the Financial Sector Development Plan (FSDP), which ran from 2004 to 2009 under phase I and 2010 to 2015 under phase II. The key findings of this survey indicated that, levels of financial inclusion amongst Zambian adults were low at 33.7%. A follow up survey that was conducted in the year 2009 indicated that while levels of financial exclusion had reduced in 2005, financial inclusion remained significantly low at 37.3% of adults being financially included (Finscope 2015).

According to FinScope Zambia (2015), there had been a notable increase in financial inclusion since 2009 which culminated in Government of Zambia's National target of 50% financial inclusion being exceeded. In 2009, 37.3% (1.5 million) of adults were financially included; 62.7% (4 million) financially excluded. In 2015, 59.3% (4.8 million) of adults were financially included; exclusion dropped to 40.7% (3.3 million). The drop in exclusion was driven by increase in the utilisation of formal as well as informal financial services. Formal inclusion had increased from 23.1% in 2009 of adults to 38.2% of adults in 2015; informal inclusion had increased from 22.2% in 2009 to 37.9% in 2015.

4.0 ROLE OF MOBILE MONEY ELECTRONIC TRANSACTIONS IN FINANCIAL INCLUSION

With the rate of its adoption, it is undeniable that mobile money electronic transactions are a key driver of access to financial services or financial inclusion. Mobile money transactions have been recognised as convenient platform for providing financial services to millions of financially excluded population living in many developing countries including Zambia. Apart from providing employment opportunities and communication services, mobile money electronic transactions have continued to provide relatively cheaper and easy access to electronic financial services which has led to broadening and deepening financial markets. More importantly, a readily available and effective agent network has ensured availability of access points even in remote areas. In addition to delivering financial services to financially excluded majority, mobile money electronic transactions have a positive qualitative and quantitative socio-economic effect. They have further continued to provide a wide and deeper spectrum of opportunities ranging from creation revenue, store of value, means of remittance without reliance on cash to support survival. The merits of mobile money electronic transactions emanate from their ability to deliver services through a customer tailored mobile telecommunication digital route leading to closure of the gap between the majority financially excluded and minority financially included (Agrawal, 2016). According to Alexandre and Eisenhart (2012), mobile money electronic transactions have proved to be an engine to financial inclusion because it has the capacity to reach out to thousands even to those who are at the bottom of socio-economic pyramid. Additionally, mobile money has the characteristics that are a key to both financial inclusion and financial integrity. These include reduction in dependence on cash which is a threat to both financial inclusion and financial integrity. Secondly, it has the capacity to generate data necessary for financial monitoring and financial inclusion measurement. Lastly, it promotes development and opening of accounts which are a backbone of financial inclusion and financial integrity.

4.0 CONCLUSION

Financial sector development and reformation has resulted in availability of a wide range of financial products to many and the Zambian Government through the Ministry of Finance and National Planning has continued to make strides to reform the country's financial sector. This led to the formulation of the 2017-2022 National Financial Inclusion Strategy (NFIS) whose aim is for every Zambian to have access to a broad range of affordable financial products ranging from deposits, withdraws, payments, savings and many more. However, the 2017-2022 National Financial Inclusion Strategy (NFIS) cannot be realised if the rightful instruments are not put in place to drive and realise it. In addition to financial services provided in mainstream banking, mobile money electronic transactions have given a promise of driving and realising this vision, especially for people who have limited or no capacity to access financial services in the mainstream banking sector. ■

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THE FACEBOOK-CAMBRIDGE ANALYTICA SCANDAL

INTRODUCTION

Facebook is an American online social media and social networking service company based in the Silicon Valley of the elite in Menlo Park, California. It is the world's largest social network, with over 2.2 billion active users across the globe, according to information released in January 2018. It provides a place for connection via sharing photos, videos, and text updates. Users create personal profiles and establish relationships with people and companies.

BACKGROUND

Facebook held its first Initial Public Offering (IPO) in February 2012 and started selling stocks to the general public three months later. This helped the organisation to reach an original peak market capitalisation of $104 billion, a new record. Facebook makes most of its revenue through advertisements, which appear on screen. As of January 2018, prior to the Cambridge Analytica Scandal, Facebook had more than 2.2 billion active users. Its popularity has led to prominent media coverage for the company, including significant scrutiny over privacy and psychological effects it has on users.

Facebook is traded on NASDAQ as FB (Class A and in the top S&P 500 companies in the United States). Its subsidiaries include WhatsApp, Messenger, Oculus VR, tbh, Watch and Instagram. As of December 2017, the company reported revenues in amounts totalling $40.65 billion, total assets worth $84.53 billion, total equity of $74.35 billion and 25,105 employees.

In recent years, Facebook has faced intense pressure over the amount of fake news, hate speech and depictions of violence prevalent on its services, all of which it is attempting to counteract. On May 1, 2018, CEO Mark Zuckerberg announced that the company had plans to launch a new dating service. According to the company, there are approximately 200 million people on Facebook that list themselves as single. However, in the wake of the Cambridge Analytica data mining Scandal, the service is being developed with privacy features and friends will be unable to view one's dating profile.

KEY PLAYERS IN THE SCANDAL

The scandal involved four main key players namely; Aleksandr Kogan, 35, the Cambridge University Psychology researcher who lied to Facebook that the data he collected in 2014 was purely for academic purpose; Alexander Nix, 45, the CEO of Cambridge Analytica, who was suspended after British broadcaster Channel 4 aired undercover videos of dirty methods they used to help client win elections; Christopher Wylie, 28, the Canadian whizz-kid turned whistle-blower who gave the Guardian the workings of Cambridge Analytica; and Mark Zukerberg, 35, the CEO of Facebook who had remained silent as the world's largest social media company faced its biggest crisis since its founding in 2004.

Furthermore, with access to the profiles of the original 270,000 users who took the test, Kogan went on a data scraping spree and collected information from a further 50 million friends of the original users. Cambridge Analytica then analysed that data to create 'psychographic profiles' of the users based on the personality measures of openness, conscientiousness, extroversion, agreeableness and neuroticism. Put simply, it worked like this: the personality test results gave the profiles of those individuals. Those profiles were matched against the things those individuals 'liked' on Facebook. Those correlations were then applied to the 'likes' of the 50 million extra users to predict their personality traits.

The psychologist behind an app that harvested data from 50 million Facebook users defended his role in the scandal, saying he "never heard a word" of opposition from the social media giant. However, Facebook says Aleksandr Kogan's app, 'This Is Your Digital Life', was downloaded by 270,000 people and also gave Kogan access to their friends. The data was passed to British communications firm Cambridge Analytica and was used to help elect US President Donald Trump. But the company has blamed Kogan for misusing it, while he claims they and Facebook have used him as a scapegoat. The University of Cambridge lecturer told CBS's 60 Minutes he was "sincerely sorry" for the data mining, but insisted there was a widespread belief that users knew their data was being sold and shared.

According to authors Blackburn. W, Grojean A, Johnson S and Uydess A (2018), from Intouch Solutions company, the scandal had raised concern about the privacy and security of Facebook data, not to mention legal questions around CA's business practices. But the implications could be far reaching, calling into question ethical concerns around the exploitation of user data to manipulate behaviour. The use of data for predictive capabilities in marketing has been around for years. Retail giant Target's marketing algorithms famously exposed a teen girl's pregnancy, much to her father's dismay. But CA's use of data was something different altogether. Personal data can be used to predict moods, emotions, personalities and a long list of other traits and intentions. To be clear, this incident was not a Facebook data hack, leak, or breach. While the data was mishandled by the researcher, it was originally accessed legally and within Facebook's rules by then.

Max Schrems (chairman of noyb.eu) was surprised by Facebook's reaction on the Cambridge Analytica scandal: "Facebook has millions of times illegally distributed data of its users to various dodgy apps - without the consent of those affected. In 2011 we sent a legal complaint to the Irish Data Protection Commissioner on this. Facebook argued that this data transfer is perfectly legal and no changes were made. Now after the outrage surrounding Cambridge Analytica the Internet giant suddenly feels betrayed seven years later. Our records show: Facebook knew about this betrayal for years and previously argues that these practices were legal."

CATASTROPHE MANAGEMENT

On March 17, 2018, The New York Times and The Observer reported that consulting firm Cambridge Analytica misused personal data on more than 50 million Facebook users in order to manipulate the outcome of the 2016 US presidential election and the BREXIT vote in the UK. Though politics are the central theme, the incident had also raised questions about the implications of marketing influence in a modern world, marketing driven by data.

Cambridge Analytica data scandal sparked a widespread privacy debate and put Facebook in the eye of a PR storm automatically that raised questions from the advertiser's perspective. It all started with a seemingly innocent personality test on Facebook created by the University of Cambridge researcher and seemed legitimate. However, the motives of the academic conducting the test were not. That academic is Aleksandr Kogan. He collected the data with the intent of selling it to Cambridge Analytica, a data analysis business engaged by the Trump and Brexit campaigns to create targeted ads online. When the punters completed the personality test, they agreed that Kogan (and Cambridge Analytica) could use the data. They also allowed access to their Facebook profiles, including likes and friends.

It's worth noting, however, that users, including Tesla CEO Elon Musk, had been deleting their Facebook accounts in the face of the trending #deletefacebook movement. The Wall Street Journal reports that some companies have suspended advertising. Facebook's value dropped by nearly $50 billion since the news broke. To mitigate damage, Facebook has been reaching out to companies, industry groups, and agencies to reassure them of data-privacy rigors, and Mark Zuckerberg issued an apology in a full-page ad placed in American and British newspapers. Shortly, the Federal Trade Commission (FTC) confirmed it was investigating Facebook's data practices.

IMMEDIATE ACTIONS FROM FACEBOOK

It was a former staff member who claimed that Cambridge Analytica mined personal information of approximately 50 million people in the US in 2014. In response to the event, Facebook reacted with a set of ready-to-roll-out action points, in addition to the steps they made since 2014 in terms of GDPR's governance. The following are the action points which they took;

Firstly, Facebook announced that they intended to review the platform. All apps that had access to large amounts of information before the 2014 platform change would be investigated and a full audit would be conducted of any app with suspicious activity.

Secondly, Facebook would tell people about data misuse. Extra transparency towards people affected by apps that have misused data and turn off access for unused apps such that if someone hasn't used an app within the last three months, the app's access to user information will be disabled. Accordingly, the organisation would restrict Facebook Login data, for example, the data that an app can request will be limited to name, profile photo and email address.

Thirdly, the company planned to encourage people to manage the apps they use and make it significantly easier for users to manage apps and permissions.

Finally, the internet giant planned to reward people who find vulnerabilities, which was an expansion of the Bug Bounty Programme.

OTHER PRAGMATIC ACTIONS FACEBOOK MAY HAVE TAKEN

An effective crisis management plan may have helped the organisation to achieve this goal only by risk control, by using measures that need to be activated before, during and after an actual or impending crisis. In addition to what the organisation did, the following could have been done;

Firstly, the company needed to establish goals of crisis management by understanding its operations and formulating and carrying out the plan. This could have helped in the operations and compliance with applicable statutes, humanitarian conduct and privacy protection. It is also paramount that in the wake of this crisis, the company concentrates on sustaining profitability, achieving stable earnings and maintaining good public image and reputation.

Secondly, a crisis like Cambridge Analytica attracted media and public attention at both national and international levels. This meant that there was instantaneous access to information and that people will interpret the incident in their own terms. It was impossible to keep the media out completely and an initial press briefing should have been given as soon as possible. Therefore, an effective crisis communication should have been facilitated by drawing focus on what the company is doing about the crisis and not the details of the crisis and providing transparent and up to date information regarding developments about the incident and response actions.

In a nutshell, the company should have undertaken a serious crisis management training and put in place operations to carry out drills and ensure everyone is fully trained to face a real situation. This requires commitment from managers to invest time and energy to carry out these functions in the course of the business. It is however a rewarding exercise since loss of financial assets can be prevented, reputational damage can be mitigated.

CONCLUSION

In conclusion, Facebook had faced what has been its biggest crisis in its history. Understandably, consumers are concerned about the misuse of personal data. And while this incident is borne from politics, a healthcare-related scandal could play out far worse from a privacy, trust and public relations perspective. A crisis like the Cambridge Analytica Scandal may have suddenly threatened Facebook's financial results, reputation or relations with employees, users or community. As such, the first goal is to survive any foreseeable accidental financial and reputational losses. **Accordingly**, if a pragmatic approach to the preceding points is taken into account, together with those response actions by the company, they could help to effectively manage the crisis and mitigate the financial and reputational losses. ■

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TAX PLANNING AND COMPLIANCE: TAXPAYERS' SURVIVAL STRATEGIES

Even on calm seas, a ship's captain rarely relaxes! Instead the captain focuses on potential dangers in nearby waters and scans the horizon for the next change in weather, all the while keeping the ship on course towards its destination. With the dynamic and ever-changing tax laws and regulations in Zimbabwe, taxpayers need to take the same approach to tax planning and compliance.

Tax constitutes a high-sounding liability to everyone who is required by law to pay tax and its minimisation is a desirable goal for every entity or individual. Taxes are the main source of local government revenues. Only without government would there be no taxes. Therefore, without taxes there would be no government. Benjamin Franklin (1789) once said, *"In life there are only two certainties, death and taxes"*. This is equally true in view of the fact that even after one's death (in the case of natural person) or liquidation (in the case of a legally incorporated company), tax still has to be paid - and it is often said *"tax follows you to your grave*". In humble terms, we do not have a choice, therefore, one must seek professional tax advice in order to manage one's tax affairs.

Tax planning is the art of arranging one's tax affairs in ways that defer or avoid taxes by taking advantage of beneficial provisions in the tax legislation - at the simplest it involves effective utilisation of allowable tax deductions and tax credits. Tax planning at a higher level encompasses many different aspects and it does not mean not paying your taxes, it just means being smart with your earnings. The objective is never to evade tax but to pay as little tax as is legally and ethically possible.

A lot of people fail to understand the importance of tax planning until they make a huge mistake and it costs them a fortune in otherwise avoidable taxes. The idea is to plan ahead so that you do not learn this lesson the hard way. Taxpayers (companies, employees, individuals in business, investors etc.) need to pay more attention to tax planning strategies and it requires them to identify tax saving opportunities and at the same time ensure that they strictly comply with relevant provisions of the tax laws. All taxpayers are allowed to arrange their affairs in a manner that remains legal but which minimises their taxation liabilities.

A general visualisation of the tax administration scenario depicts a tug-of-war between the taxpayers and the tax authority. On one hand, the taxpayers are trying their best to pay the least tax and on the other, the tax administrators have a duty to enforce compliance in a manner that helps them achieve their targets. This creates mistrust between the revenue authority and the taxpayers. In our view, this unpopular relationship can be managed for the benefit of both parties by the tax authority through having more interface meetings with the taxpayers. Both the tax authority and the taxpayers should know their rights as enshrined in both the Constitution of Zambia and the tax legislation on matters of tax compliance.

It should be mentioned that one cannot talk about tax planning without talking about tax compliance as these are two sides of the same coin. Tax compliance holds a significant position in the tax planning equation, and it refers to the willingness of individuals to act in accordance with the letter and spirit of the tax law and administration without the application of enforcement activity. Tax compliance is one of the simplest strategies to tax planning and every taxpayer ought to comply. Of the common taxes administered by Zambia Revenue Authority (ZRA), Employment tax and Value Added Tax give the most administration challenges when it comes to compliance.

Tax compliance is a problem that needs attention so much that the partnership between ZRA and taxpayers yield optimal results with a symbiotic relationship and to ensure that the benefits of tax planning are maximised for the benefit of both ZRA and the taxpayers.

The growth of a nation's economy is synonymous with the growth and prosperity of its citizens. In this context, a saving of earnings by legal means fosters the growth of both, because savings by dubious means lead to generation of black money, the evils of which are obvious. Conversely, tax planning measures are aimed at generating white money having a free flow and generating without reservations for the overall progress of the nation. Thus, any legitimate steps taken by a taxpayer directed towards maximising tax benefits, keeping in view the intention of law, will not only be of help to taxpayer but also to society. Tax planning assumes a great significance.

In conclusion, non-compliance results in, sometimes, litigations. It is in this context that a sound tax planning pays returns. When a proper tax planning is adopted with the provisions of law, incidences of litigation are minimised. The fairness of taxation is experienced when all provisions of the law are utilised, that when all deductions and credits available under the tax legislation are exploited within the confines of the tax laws. A good Tax planning strategy is one that ultimately benefits both the employer and the employee. ■

Nyasha Nigel Machiri
Senior Manager – Tax Advisory HLB Zambia

TAX PAYER, TAX ADVISOR RELATIONSHIP

"Death and taxes are the only two things that are guaranteed in life", goes the old adage. In Christianity the debate on whether or not citizens of a country should pay tax or not dates back to biblical times, in particular during the reign of Julius Caesar. The Lord Jesus once advised the Jews to "give to Caesar what belongs to Caesar". It is therefore not surprising that tax is certain and cannot be avoided but one can consider minimising or mitigating the impact of tax. Both businesses and individuals can take steps to minimise or mitigate the impact of tax through judicious tax management. In order to achieve maximum benefits from tax management it is necessary to seek the services of a professional tax advisor. The role of the tax advisor becomes even more important given the view that on one hand the tax authority aims to maximise revenue collections within the confines of the law whereas on the other hand businesses or individuals seek to minimise the impact of tax on their income. The tax advisor therefore becomes a "referee" between the two players.

The role of tax advisors is to act as representatives of the taxpayers and in that sense they may be considered to be tax advocates for their clients (taxpayers). These professionals also serve as intermediaries in the tax administration system in that they deal with the tax authority on behalf of their clients. They are concerned not only with their clients' interests but also have a role to play in assisting the general taxpayers to comply with the tax laws of the country in both ethical and legal manner. In simple terms, tax advisors have a legitimate function as tax "knowledge brokers" between the taxpayers and tax authority.

A well-functioning tax system is dependent upon a healthy relationship between taxpayers and their tax advisors and of course the tax administrators. The consultation of tax professionals by taxpayers inevitably results in greater tax compliance being achieved.

Nearly every business decision has tax implications, which can be quite complex depending on the nature of transaction. Companies that do business internationally may experience further complexities given the introduction of digital taxation. The complexity of tax laws has led to an increase in focus on tax risk management or tax planning as part of most organisations' overall strategy to ensure that business organisations become "good corporate citizens".

Tax risks may originate from conflicting interpretations of the legislation between tax administrators and the taxpayers. Taxpayers may compute tax based on information they honestly believe to be consistent with the tax legislation but the tax authority may find some fault in the taxpayers' interpretation. It is no doubt that taxpayers opt to engage the services of a tax advisor in the hope of mitigating these risks and achieving the desired certainty. According to a study conducted by the Organisation for Economic and Co-operation Development (OECD), it was noted that tax professionals serve a fundamental function in assisting taxpayers to meet their tax compliance obligations.

Many taxpayers lack the basic or necessary tax knowledge required as far as tax is concerned. It is evident that taxpayers hire tax professionals to save time and effort required to achieve compliance and this frees time for them to focus on the key strategic business operations. Tax professionals are expected by their clients to reduce the chances of a tax audit/investigation, thereby lowering monetary costs (penalties and interest) associated with audits.

As highlighted, tax legislation sometimes contains "grey areas" that produce ambiguous tax situations which may be open to various interpretations. The role of tax advisors in such situations is not to get rid of the entire uncertainty but they can persuade the revenue authority to try and revisit the laws, especially where the law disadvantages the taxpayers. This they do through raising objections against the decisions of the tax authority and also negotiations where the tax authority has conducted an audit or investigation and the taxpayer is appealing on the assessments that would have been raised.

The ever-changing tax laws call for taxpayers to always keep abreast with the changes. Advisors play a major role in guiding taxpayers on the effect of new tax laws on their businesses. This can be done through tax trainings, tax conferences, text books, or even tax articles and publications. Full knowledge of tax law is important because in tax the concept of "materiality" does not apply. It is for this reason that the taxpayers should be aware of any changes in the tax legislation specifically those that affect them.

In the current business environment, mergers and acquisitions have become very popular. Taxpayers cannot offer a blind eye to the role of a tax advisor in mergers and acquisition transactions. A tax professional may help in analysing tax issues relevant to the taxpayer's company, the company acquiring and other parties involved in the merger and acquisition transaction when assessing tax implications of the transaction. Another critical piece is the tax re-structuring and tax professionals help clients to take advantage of permissible tax concessions. Tax due diligence also plays an important part in uncovering potential tax risks in the target company. Tax professionals may help develop countermeasures to mitigate possible tax exposures.

In conclusion, tax policies are very technical and complex and can be confusing for a layman. An expert makes the job easier and simpler since he understands the process with ease. Engaging a tax professional is an expensive affair and may even be considered as an additional cost, but on the contrary, a tax advisor can actually save lots of money for the company. ■

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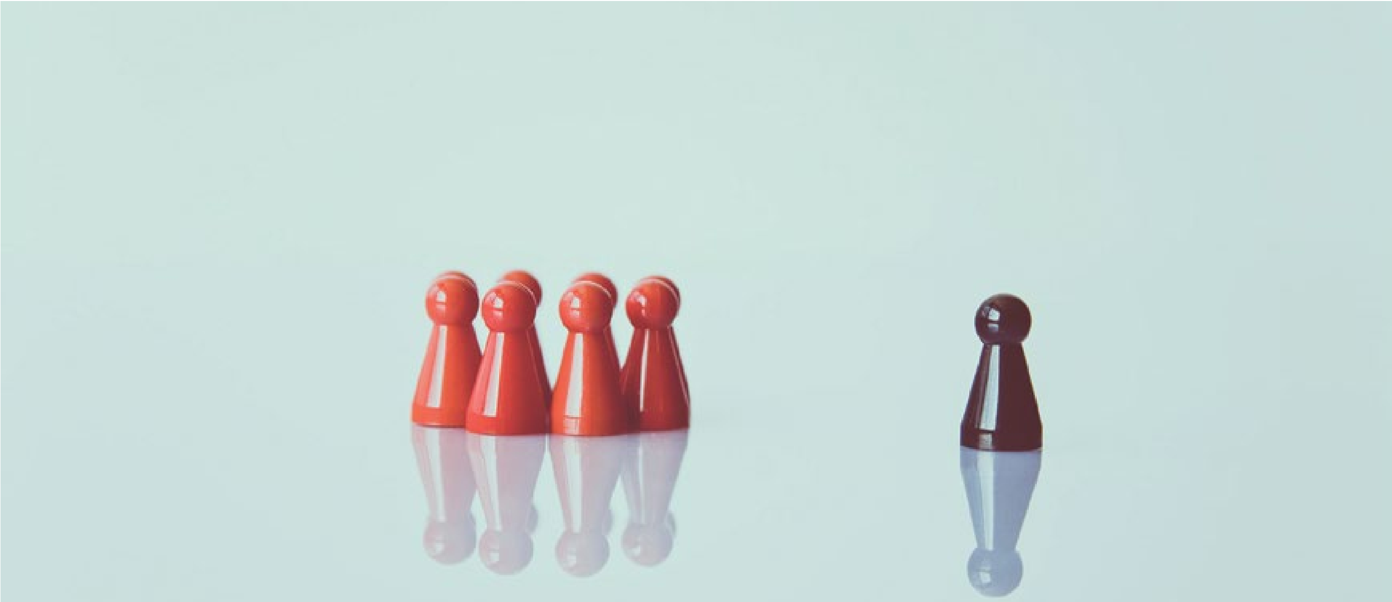

LEADING FROM THE FRONT:
AN OVERVIEW OF EFFECTIVE LEADERSHIP

A Presentation By Patrick D. Chisanga
Dynamic Concepts, FIoDZ FCG; Limited
MAY, 2021

OBJECTIVES

1.1 To strengthen your capabilities to lead your companies and Organisations to success

1.2 To distinguish between managing and leadership.

THE CONCEPT OF LEADERSHIP

Everybody defines leadership differently but I really like the way John C. Maxwell defines leadership:

"A leader is one who knows the way, goes the way, and shows the way".

Although multitude of research has been done on what makes an effective leader, there appears to be no agreed consensus.

Irrespective of how you define a leader, he or she can be described as the one who makes the difference between success and failure.

A good leader has a futuristic vision and knows how to turn his ideas into real-world success stories.

The true task of leadership involves the ability to effect change and make things happen.

Essentially, outstanding leaders become a fine balance between traits, abilities, behaviours, and source of power.

These stand out as the determining factors of the ability to influence followers and accomplish group objectives, and goals.

Therefore, any member of any group, at any one time, may assume a leadership role provided they can display innate leadership qualities.

DEFINITION OF LEADERSHIP

Although there are thousands of documented definitions of what leadership is, it essentially always incorporates the ability to influence other individuals or groups of individuals with the objective of achieving an intended goal, or goals.

A leader needs to achieve tough, demanding goals that he has set for himself in addition to those set by an organisation, and focus on surpassing both the personal objectives and as well as the organisational goals.

The most effective measure of a leader and his or her competency therefore is the extent to which the group attains its goals.

It is easy to see why Stephen Covey, author of the Seven Habits of Highly Effective People said, "Begin with the end in mind".

Leadership incorporates attitudes, values, and a mindset that facilitates commitment and transformation.

To summarise, we can conclude that although leadership has many definitions and varied criteria for success, it is defined by the assumption that it is an influence process that in many cases is situational.

The success of a leader depends on his/her ability to achieve a goal or a set of goals through the actions of others involved in a particular situation or circumstances.

EXAMPLES OF SOME OUTSTANDING LEADERS BOTH IN ZAMBIA AND ABROAD ACROSS SECTORS

Piolitical leaders
Labour leaders
Youth leaders
Business leaders
Religious leaders
Community leaders
Spiritual leaders

FIVE CHARACTERISTICS OF EFFECTIVE LEADERS

1. Vision
2. Energy
3. Problem solving Ability
4. Ability to motivate
5. Trust

VISION

Leadership begins by developing a vision, a desire, picture of how an organisation will look like in the future.

Lack of a clear vision is a major reason for declining effectiveness of a leader.

Leaders need to be able to communicate their ideas clearly and commit themselves to the intended outcome.

A leader must be able to transform his vision to a more inclusive position by gaining the trust and commitment of those needed to fulfill his objective.

ENERGY

The most significant characteristics are energy levels, physical stamina and stress tolerance.

PROBLEM SOLVING ABILITY

Effective leadership requires the ability to problem solve. To focus on solutions.

ABILITY TO MOTIVATE

Leadership is further challenged by the to ability motivate others, often over a long period of time, and guide others effectively.

Peter Drucker stated, “Management is doing things right, leadership is doing the right things.”

Trust

The ability to maintain high levels of trust comes through constant actions, honesty, expertise, confidence and clarity. Trust is earned over a period of time.

TEN LEADERSHIP QUALITIES

1. Integrity and honesty
2. Confidence
3. Ability to inspire others
4. Commitment and passion
5. Good communicator
6. Decisionp-making capabilities
7. Accountability
8. Delegation and empowerment
9. Creativity and innovation
10. Empathy

INTEGRITY AND HONESTY

The 34th President of United States Dwight D Eisenhower once said, “The supreme quality of leadership is unquestionably integrity.”

Without Integrity and honesty, no real success is possible whether it is in a factory, a football field, in an army, in a community, in a church, in politics, in business, in an NGO, or in a nation.

Integrity and Honesty are two important ingredients that make a good leader.

How can you expect your followers to be honest when you lack these qualities yourself?

Leaders succeed when they stick to their values and core believes and without ethics, this will not be possible.

CONFIDENCE

To be an effective leader, you should be confident enough to ensure that others follow your commands.

If you are unsure about your own decisions and qualities, then your subordinates will never follow you.

As a leader, you have to be oozing with confidence, and show assertiveness to gain the respect of your subordinates. This does not mean that you should be over confident or arrogant, but you should at least reflect the degree of confidence required to ensure that your followers trust you as a leader.

ABILITY TO INSPIRE OTHERS

Probably the most difficult job for a leader is to persuade others to follow.

It can only be possible if you inspire your followers by setting a good example. When the going gets tough, they look up to you and see how you react to the situation. If you handle it well, they will follow you.

Leaders should think positively and this positive approach should be visible through his actions. Stay calm under pressure and keep the motivation level up. As John Quincy Adams puts it, “If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”

If you are successful in inspiring your subordinates, you can easily overcome any current and future challenge easily.

COMMITMENT AND PASSION

Your teams look up to you and if you want them to give it their all, you will have to be passionate about it too. When your teammates see you getting your hands dirty, they will also give their best shot.

If they feel that you are not fully committed or lack passion, then it will be an uphill task for the leader to motivate your followers to achieve the goal.

GOOD COMMUNICATOR

Simply put, if you are unable to communicate your message effectively to your team, you can never be a good leader. A good communicator can be a good leader.

Words have the power to motivate people and make them do the unthinkable. If you use them effectively, you can also achieve great results.

DECISION-MAKING CAPABILITIES

Apart from making a futuristic vision, a leader should have the ability to take the right decisions at the right time. Decisions taken by the leader have a profound impact on their followers.

A leader should think long and hard before taking a decision but once the decision is taken, stand by it.

Although most leaders take decisions on their own, it is highly recommended that you consult key stakeholders before taking a decision.

ACCOUNTABILITY

When it comes to accountability, you need to follow the approach highlighted by Arnold H. Glasow when he said, “a good leader takes little more than his share of the blame and little less than his share of the credit.”

Make sure that everyone of your subordinates is accountable for what they are doing.

If they do well, give them a pat on their back but if they struggle, make them realise their mistakes and work together to improve.

Holding them accountable for their actions will create a sense of responsibility among your subordinates and they will go about the business more seriously.

DELEGATION AND EMPOWERMENT

You cannot do everything right. It is important for a leader to focus on key responsibilities while leaving the rest to others. By that I mean empowering your followers and delegating tasks to them.

If you continue to micromanage your subordinates, a lack of trust will emerge and more importantly, you will not be able to focus on important matters as you should.

CREATIVITY AND INNOVATION

What separates a leader from a follower? Steve Jobs, the greatest visionary of our time answers this question this way, “Innovation distinguishes between a leader and a follower.”

In order to get ahead in today’s fast-paced world, a leader must be creative and innovative at the same time. Creative thinking and constant innovation is what makes you and your team stand out from the crowd.

Think out of the box to come up with unique ideas and turn those ideas and goals into reality.

EMPATHY

Last but certainly not the least is empathy. Leaders should develop empathy with their followers. Unfortunately, most leaders follow a dictatorial style and neglect empathy altogether. As a result they fail to develop and closer connection with their followers.

Understanding the problems of your followers and feeling their paid is the first step to become an effective leader.

SELF-MANAGEMENT

One of the critical aspects of leadership lies in the leader’s ability to manage himself or herself.

The following are critical areas of a leader’s self-management scorecard.

MANAGE YOUR EMOTIONS

A leader’s emotions affect many other people. Good leaders know when to display emotions and when to delay them

MANAGE YOUR TIME

Time is valuable. Until you value your time, you will not do anything with it.

Manage your Priorities

Spend 80% of your time where you are strongest.

Spend 15% of your time where you are learning.

Spend 5 % of your time in other necessary areas.

MANAGE YOUR ENERGY

Focus on the main events of the day

Focus on your high pay off activities

Manage Your Thinking

Your mind will give back to you exactly what you put into it.

Reserve time for thinking each day.

A minute of thinking is often more valuable than an hour of talk or unplanned work

MANAGE YOUR WORDS

Words once uttered cannot be recalled. If you have something valuable to say, say it briefly and say it well. If you don’t, the best thing is to remain silent.

MANAGE YOUR PERSONAL LIFE

If you want to lead, you must always lead yourself first. Earn the love and respect of those closest to you. Otherwise, you have no credibility.

CONCLUSION

How do you measure up as a leader?

What self -improvement aspects do you need at work? Let me leave these two questions with you as your homework.

Thank Your! ■

THE 'RED BOOK' – INTERNAL AUDITOR MANTEL

Internal auditing has evolved through the years, gaining recognition from executives and organisation leaders, shifting the focus of audit efforts to respond to the changing needs of the global environment. Just like any other profession, internal auditors have a framework that guides them. The framework details the purpose, objectives and deliverables of Internal Audit and explains the methodology and standards used to achieve independent assurance outcomes.

In this article, I share the framework called International Professional Practices Framework (IPPF), which guides the Internal Auditors worldwide. The IPPF more commonly known as the "*Red Book*" is the conceptual framework broadcast by the Institute of Internal Auditors (IIA) - global. The framework provides authoritative guidance. The first edition of this framework was effective on January 1, 2002 of which its latest iteration became effective on January 1, 2017.

The IPPF is a live handbook and its content is crucial for all internal audit activity. The IIA President and CEO Richard F. Chambers said, *"The IPPF should not be considered a static document, something that might be scanned but then ignored. It and the Standards are valuable resources that drive our profession forward as an indispensable component of effective governance".*

AN OVERVIEW OF IPPF

The IPPF consists of three sections, the Mission of internal audit, Mandatory guidance and Recommended guidance. Mandatory guidance consists of four elements: the Core Principles for the professional practice of internal auditing, the definition of internal auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. The four elements are mandatory and must appear in internal audit documentation for organisations.

The Recommended guidance, on the other hand, comprises of two elements: the implementation guidance and supplemental guidance.

The way the three segments (the Mission of internal audit, Mandatory guidance and recommended guidance) are integrated is presented in Figure 1-1.

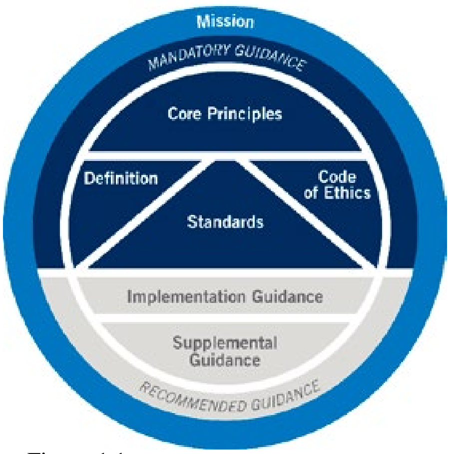

Figure 1-1

THE MISSION OF INTERNAL AUDIT

The Mission of Internal Audit is one of the segments of the IPPF. The mission pronounces what internal audit aspires to accomplish in an organisation. In short, the main undertaking of internal auditing is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. So, without the mission, the internal audit department will have no sense of direction and outlined activities.

THE MANDATORY GUIDANCE

As earlier mentioned, the Mandatory guidance comprises of four elements. The elements include the Core Principles, the definition of internal auditing, the Code of Ethics and the International Standards and theses are explained as follows:

CORE PRINCIPLES

The principles assist in effectiveness of activities of the internal audit function. Adhering to the core principles is vital for the effectiveness of internal audit work. However, all principles are to be dealt with as complementary and never to be isolated. The Core Principles as outlined below require that internal auditors do the following:

a. Demonstrate integrity.
b. Demonstrate competence and due professional care.
c. Objective and free from undue influence (independent), and Aligns with the

strategies, objectives, and risks of the organisation.

d. Appropriately positioned and adequately resourced.
e. Demonstrate quality and continuous improvement.
f. Communicate effectively.
g. Provide risk-based assurance.
h. Insightful, proactive, and future-focused.
i. Promote organisational improvement

THE DEFINITION OF INTERNAL AUDITING

The definition of Internal Auditing is another element of the Mandatory guidance; it actually states the fundamental purpose, nature and scope of internal auditing. The IIA in IPPF defines internal auditing as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes".

CODE OF ETHICS

The Code of Ethics is a guiding set that must be compulsorily followed by internal audit practitioners. It states the principles and expectations governing the behaviour of individuals and organisations in the conduct of internal auditing. Further, it describes the minimum requirements for conduct, and behavioural expectations rather than specific activities.

INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

"What then are the International Standards for the Professional Practice of Internal Auditing?" This is normally something I hear from colleagues in the organisation I work for. It is important to know that the standards are principle focused rather than a detailed set of rules and regulations. The standards also provide a framework for performing and promoting internal auditing.

The standards in the IPPF consists of the following:

a. The statements of basic requirement for the profession. The requirements are internationally applicable for organisations and individuals.
b. Interpretation that clarifies terms or concepts within the statements.
c. The glossary terms provide specific meaning of the terms used in the standards

Let me now share the two kinds of standards that are required to be adhered to by the profession. They include Attribute Standards and Performance Standards. The principles are not only adhered to by internal auditors in the private sector but also those in the public sector.

ATTRIBUTE STANDARDS

These are standards that are applicable to all internal auditors and the activities they carry out. The features of organisation and parties performing internal audit activities are addressed by the Attribute standards. These standards range from 1000 to 1300.

Among the attribute standards that are commonly followed is standard 1000, Purpose, Authority and Responsibility. The controller of Internal Audit under the Ministry of Finance has **spearheaded following this particular one**. The Internal Audit manual, 2014, includes the internal audit charter that has been adopted by internal audit departments in all line Ministries, Provinces and Spending Agencies (MPSAs). This formal document defines the internal audit activity's purpose, authority and responsibility. It also outlines the nature of assurance and consultancy provided by internal audit function in MPSAs.

PERFORMANCE STANDARDS

Performance Standards are similar to Attributes Standards. They actually apply to all internal audit activity as well as internal auditors. Further, the Performance Standards outline the nature of internal auditing and provide necessary guidelines for evaluating audit performance. The standards range from 2000 to 2600.

In some instances, some Chief Audit Executives (CAE) have had difficulties following standard 2500 - Monitoring Progress. The audit assignments are carried out effectively, starting from planning to performance of the audit engagement. However, the follow up audits are poorly planned for and executed. The follow-up process is not adequately monitored to ensure that management actions have been implemented.

The rest of the standards can be viewed at global *https://www.iianigeria.org/wp-content/uploads/2016/11/IPPF-Standards-2017.pdf*

The implementation standards provide separate mandatory instructions for implementing the Attribute and Performance Standards depending on whether the engagement is assurance or consulting.

RECOMMENDED GUIDANCE

Recommended guidance consists of implementation guidance and supplemental guidance. Implementation guidance assist internal auditors in applying the standards. They collectively address internal auditing approach, methodologies and consideration, but do not detail processes or procedures.

On the other hand, the supplemental guide provides detailed guidance for conducting internal audit activities. The guidance provides suggestions or recommendations for topical area, sector-specific issues and processes and procedures.

THE USE OF THE IPPF AND NATIONAL LAWS

Internal auditing is performed in diverse environments throughout the world. Within these environments, organisations that utilise the function of internal audit vary in purpose, size and structure (e.g government, publicly traded, privately owned, non-profit etc). In addition, the laws and customs of various countries differ. The difference may affect the practice of internal auditing in each environment. Therefore, full utilisation of the IPPF will govern the environment in which internal auditors carry out the assigned responsibilities. In situations where the information contained in the IPPF is in conflict with local legislation or regulation, the legal counsel can be consulted for further guidance.

CONCLUSION

The IPPF is a valuable resource handbook as it provides the internal audit profession with the necessary support for the career to meet the challenges that are encountered in the ever-changing environment. Application of its essential components will improve service delivery of internal auditors in most sectors as it provides principles, leading – practice standards and provides timely guidance. However, it entails that internal auditors utilise the resource effectively in order to carry out their activities with success and meet the required standards of today's business environment whose associated risks keep accelerating. ■

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EASE YOUR CUSTOMERS' PAIN:
STRATEGIES TO IMPROVE CUSTOMER SATISFACTION IN BUSINESS

By NANCY MALITOLI

BACKGROUND

Many studies have shown that the quality of service that a business offers will in the long run determine whether it succeeds or fails. This is because service standards largely determine what kind of image or value people will associate with a company. The opinions of top business leaders have also emphasized that customer satisfaction takes precedence over the product or service in as far as business growth is concerned. Incidentally, customer service concerns all types of businesses, from universities, telecoms and producers of refreshments to salons, barbershops, bars, restaurants and law firms. Given the competitiveness of business environments intensifying daily with enhanced technology, the ability to meet and satisfy customers' needs can no longer be overlooked. This is the focus of this paper. The thesis is that while it is important to develop strong and competitive products and services, giving little or no attention to customer satisfaction will still result in total business failure. This write-up identifies and proposes strategies that businesses could adopt and implement in a bid to boost that side of business which ensures that customers continue buying a product or using a service, leading to good feedback.

INTRODUCTION

Customer satisfaction has long been considered as the lifeblood of commercial enterprises, both big and small. According to Fornell et al. (1996), customer satisfaction is the assessment derived from the total buying and consumption experience with the good or service over time. It is the measure of what customers have to say about a business after they have made contact with it. Since value is created through perception, the way a business handles customers is more important than the goods, products or services that it offers in the grand scheme of things. In this day and age, negative feedback on a business can actually decimate a business in a trice. A bad comment or complaint made on the social media page of a business regarding its poor service or treatment of customers could, for example, attract similar sentiments and end up in a boycott from an even wider public or target audience. In their study on customer satisfaction and customer loyalty, Khadka and Maharjan (2017: 5) note that, "customer satisfaction is a crucial component of a business strategy as well as customer retention and product repurchase."

To entrench customer loyalty, customer needs should be constantly met. In fact, this is one aspect of commerce that leading business figures and entrepreneurs seem to have mastered with time. According to Vilner (2015), widely acclaimed Microsoft founder Bill Gates is quoted to have said that, "your most unhappy customers are your greatest source of learning." To further underscore the importance of good customer experience, another entrepreneur, Hazel Edwards, once said that "ease your customers' pain" (Morgan, 2019). It therefore follows that the customer is indeed the heart of the business. Besides, "contrary to popular belief, your success depends less on the product or service you provide, and more on the experience your clients receive during and after they interact with your brand or organisation" (Abara LMS, 2019). More often than not, a customer is likely to be repulsed by a business, no matter how big or prestigious it is, that does not reply to calls and has arrogant or condescending representatives. Given the overriding importance of customer satisfaction, it is imperative that some strategies that can help improve businesses in this area are considered. This paper outlines these strategies as customer service training, social media engagement and research and surveying.

CUSTOMER SERVICE TRAINING

According to Dotsey (2020:24), "training of employees has become the foundation of every successful business and therefore functional to all businesses which wish to stay in competition in these contemporary days." In this case and for the purposes of this paper, training is specialised education tailored for employees to help them improve in the area of customer service delivery. This already shows that customer service should not be taken lightly because it requires financial investment in terms of training staff. But despite the costs training may involve, they are outstripped by those incurred as a result of substandard service. The best strategy is to therefore invest in staff ahead of time. The training should however not end with a business' representatives, who need to master the soft skills of etiquette, but it should extend to the rest of the employees in a company or organisation. The company itself should come up with a blueprint for achieving this. One way of doing this is through special workshops, which can feature human resource experts as facilitators, for example. Sometimes specialist consultants could be outsourced for this purpose. The business owner or company management should determine how this could be implemented after consultation with employees themselves. For bigger businesses and organisations, the human resource team could work hand in hand with the communications team to gather individual employee perspectives because a bottom-up style of management will ensure that the whole staff feels valued and included in such trainings. The idea should be to instil a sense of general responsibility, whereby each employee of the company begins to feel that they do not only work for the company, but they are also part of it and should therefore mind the way they interact with customers. In terms of company representatives such as receptionists, secretaries, call centre attendants or communication managers, the training should come in as a complement after hiring the right people with the right skills. With a strong company spirit, which is pride in one's company, it would not be late before the business itself starts registering growth. The point is that brand ambassadorship should start at staff level before it can be imparted to the customers.

SOCIAL MEDIA ENGAGEMENT

Tbh (2019) notes that "because businesses make their social media profiles public, these channels make it easy to attract and introduce potential new consumers to your products or services." In a digital age like that of the 21st century, any business would do itself a great service by starting a social media profile and raising it to the greatest possible level. In choosing which media to work with, care must be taken to prioritise those that are in vogue or trending among the population. This makes it easy to increase engagement and gather customer feedback. In Zambia, for example, Facebook has a larger following than any other social media platform (StatCounter, 2021). This means that a Zambian company is more likely to connect with its customers on Facebook than on any other platform. Through this medium, a business can set up a profile with the assistance of media and communication specialists and get feedback on its customer service. The business should take keen interest in the comments that customers make on its posts. Most customers may not have the temerity to express, in person, their displeasure at a company's poor service standards. But if they had been treated badly by the company's staff, they would find it easier to have their frustrations and criticism spewed on a Facebook page. Sometimes they could go ahead to tag the company and poke fun at it. But by maintaining an active social media presence, the company can easily take note of such grievances, contact the customers involved and work around the clock to prevent similar incidents from happening in future. By reaching out before a complaint escalates, a company acquires a reputation for empathy and accountability, and this helps validate the feelings of its customers, who became its staunch ambassadors and defenders in the long run.

RESEARCH AND SURVEYING

IMS Marketing (n.d.) states that "research will help to understand who is buying your product or service, who is not buying your product or service, what motivates them, and whether they are loyal to your brand – ultimately leading to increased sales over time." Research is one of the best strategies to employ in a bid to ease the customer's pain and improve customer satisfaction in business. It should arise as part of a business' SWOT analysis, which examines the strengths, weaknesses, opportunities and threats of a given enterprise. While it is easy to determine a particular business' strengths and opportunities, it is difficult to tell what its greatest weaknesses and threats are. This is why research and conducting surveys regularly are necessary. The goal of research in customer satisfaction is to gather feedback regarding operations of a business, straight from the customers themselves. This can be done by developing a system that keeps track of a business' customers. By creating a database of contacts for a company's employees, it becomes easy to conduct research through surveys. A company could either depend on phone numbers or an email system that utilises questions to obtain valuable feedback on its service. For example, sending an email or calling to solicit feedback from a customer who just ate from a restaurant is a very effective way of finding out what the public's perception is about a particular business. This will allow business owners to identify complaints or build on strengths. This is an intervention that can be implemented by any business, including universities, bars, barbershops or salons. Building a connection with customers will make them feel appreciated and this will increase their chances of becoming loyal and regular customers of the business.

CONCLUSION

This essay sought to contend for the importance of customer satisfaction in business. There are several studies that have been done in this regard and they seem to all arrive at the conclusion that there is no name that is bigger than a customer. It is the customer that is king and what a customer perceives or says about a business is the reality or fate of that business. It is therefore important for business owners operating various types of commercial enterprises to invest heavily in customer service. This is because when customer satisfaction is neglected, no excellent product or service will be purchased or utilised. Some of the customer satisfaction strategies proposed by this paper include customer service training, social media engagement and research and surveying. If these are implemented, research shows that the customer experience with the goods and services of a business will improve with time and this will lead to remarkable growth in profits and investments. Customer satisfaction would have occurred. ■

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Nancy Malitoli is a highly driven media and communications specialist and accountant, trained and experienced in the fields of journalism, media management, research, public relations and administration and accountancy. Since 2017, she has edited the Lusaka Star Newspaper and served as journalist for UNZA Radio and Joy FM in Zambia's capital, Lusaka. A University of Zambia media studies graduate, Nancy also has an additional nine years' experience in financial management and reporting as an accountant assistant for both private and government institutions.

ANTI-MONEY LAUNDERING

IN ACCOUNTING AND AUDIT FIRMS

In this article we will address the frequently asked questions on the Anti-Money Laundering/Countering Terrorism and Proliferation Financing (AML/CTPF) regime in Zambia.

WHAT IS MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING?

Money laundering refers to the process of concealing the true origin and ownership of proceeds of crime. *Terrorism financing* refers to an act by which a person, directly or indirectly funds a terrorist act. *Proliferation financing* refers to an act by which a person, directly or indirectly funds the proliferation of any weapon that can cause mass destruction.

WHAT IS THE FINANCIAL ACTION TASK FORCE?

Financial Action Task Force (FATF) is an independent inter-governmental body established in 1989 that develops and promotes policies to protect the global financial system against ML/TF/PF. Furthermore, the FATF sets standards on AML/CTPF that countries should domesticate and implement (FATF, 2021).

WHY HAS ZAMBIA IMPLEMENTED AN ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF) REGIME?

Zambia has ratified and domesticated a number of United Nations (UN) conventions that include provisions related to combating ML/TF/PF. Further, Zambia is a founder member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a FATF styled regional body. Zambia as a member of both the UN and ESAAMLG is required to comply with the UN conventions and FATF standards.

WHAT IS THE AML/CTPF LEGAL FRAMEWORK IN ZAMBIA?

The AML/CTPF legal framework in Zambia includes the laws listed below:

i. Financial Intelligence Centre Act No. 46 of 2010 (as amended) (The FIC Act)
ii. Prohibition and Prevention of Money Laundering Act No. 14 of 2001
iii. Anti-Terrorism and Non-Proliferation Act No. 6 of 2018
iv. Forfeiture of Proceeds of Crime Act No. 19 of 2010

WHAT IS THE FINANCIAL INTELLIGENCE CENTRE?

The Financial Intelligence Centre is a statutory body created by an Act of Parliament. The core function of the Financial Intelligence Centre is the receipt, request, analysis and dissemination of suspicious transaction report bordering on suspected money laundering, terrorism and proliferation financing to law enforcement and designated foreign authority. Further, the FIC is mandated to facilitate effective AML/CTPF risk based supervision of regulated institutions in Zambia.

WHICH SECTORS IN ZAMBIA ARE SUBJECT TO AML/CTPF REGULATION?

Sectors regulated by the supervisory authorities listed below:

i. Bank of Zambia
ii. Pension and Insurance Authority
iii. Securities and Exchange Commission
iv. Licensing Committee established under the Tourism and Hospitality Act, 2015
v. Registrar of Estate Agents
vi. Law Association of Zambia
vii. Zambia Institute of Chartered Accountants
viii. Chief Registrar of Lands
ix. Ministry of Mines.

In this context, institutions subject to AML/CTPF regulation in Zambia include financial service providers, designated non-financial business or profession and virtual asset service providers.

WHAT ARE DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS?

The FIC Act defines designated non-financial businesses and professions (DNFBPs) to include:

i. Casino, gaming or gambling operator;
ii. Trust or company service providers;
iii. Legal practitioners, notary, other independent legal professional
iv. Accountants
v. Estate agents
vi. Dealers in precious metals and stones.

DNFBPs are required under the FIC Act to develop and implement measures to prevent and detect suspected money laundering, terrorism or proliferation financing.

WHY REGULATE THE ACCOUNTING AND AUDIT SECTOR FOR AML/CTPF

Various typologies undertaken on the accounting and audit sector have found that some of the services provided by the sector are attractive to money launderers and have been used to launder proceeds of crime. Further, accounting and audit firms are viewed as "gatekeeper" given the unique role they play in business/commerce. In this regard, the sector is crucial in preventing and detecting money laundering, terrorism or proliferation financing.

WHAT ARE THE AML/CTPF REQUIREMENTS FOR THE ACCOUNTING AND AUDIT FIRMS?

Firms are required by the FIC Act to develop and implement measures to prevent and detect suspected ML/TF/PF. These measures includes:-

i. AML/CTPF Internal policies and procedures
ii. ML/TF/PF risk assessment
iii. Designate an AML/CTPF compliance officer
iv. AML/CTPF training for staff
v. Independent testing/audit

These five (5) components make up the AML/CTPF Compliance Programme.

WHAT SERVICES ARE VULNERABLE TO ABUSE BY CRIMINALS IN THE ACCOUNTING AND AUDIT SECTOR?

Accounting and audit firms offer a variety of services that are susceptible to abuse by criminals including financial and tax advice, company and trust formation, buying and selling of property, performing financial transactions, audit and assurance, book keeping and preparation of accounts and gaining introduction to financial institutions

WHAT ARE AML/CTPF INTERNAL CONTROLS AND PROCEDURES?

Accounting and audit firms are required by the law to formulate and implement internal procedures and other controls that will deter criminals from using their services for ML/TF/PF.

The AML/CTPF internal controls and procedures should include:

i. *AML/CTPF Policy:* The Policy should outline the firm's commitment to combating ML/TF/PF. Further, it should provide the framework within which the firm's AML/CTPF controls and procedures are nested. The Policy document should be approved by senior management of the firm. The FIC has developed guidelines to assist firms develop their AML/CTPF policy; these guidelines can be accessed on this link: *https://www.fic.gov.zm/reporting*

ii. *Know Your Customer/Customer Due Diligence Procedures:* Firms should implement KYC/CDD procedures that will enable them identify and verify their customer's identity. These procedures should be at onboarding stage and in the course of an established business relationship. The procedures should include Enhance Due Diligence procedures for high risk customers.

iii. *ML/TF/PF Risk Assessment Procedures:* Firms should implement procedures for undertaking an ML/TF/PF risk assessment of their services with associated delivery channels, customers, and geographical location. The risk assessment procedures should enable the firm identify, assess and understand its ML/TF/PF risk exposure.

iv. *Transaction monitoring procedures:* Transaction monitoring procedures enable firms to scrutinize transactions involving their customers. These procedures assist firms identify transactions that are inconsistent with their customer's business profile. Transaction monitoring procedures can be automated or manual depending on the size and complexity of a firm's business.

v. *Sanction screening procedures:* Firms should implement procedures whether manual or automated to scan all prospective and existing customers against international sanctions lists such as the Office of Foreign Assets Control OFAC, the United Nations (UN) and European Union (EU) sanctions lists as well as other watchlists. Sanction screening procedures should include measures for reporting positive matches to the National Anti-Terrorism Centre.

vi. *Record keeping procedures:* Firms should implement procedures to maintain records on customer transactions and CDD information. Firms are required to keep records for not less than 10 years after the business relationship has ended or from the date of the transaction.

WHAT IS AN ML/TF/PF RISK ASSESSMENT?

Firms are required to *identify, assess and understand* their ML/TF/PF risk exposure (FATF, 2019). The ML/TF/PF risk assessment will include an assessment of the firm's services with associated delivery channels, customers and geographical location.

i. *Services with associated delivery channel:* a firm should identify, assess and understand the ML/TF/PF risk posed by the services offered to customers. The firm should be able to identify services that are most susceptible to abuse by money launderers and put in place controls commensurate to the identified risk. Further, when assessing a service the firm should consider the channel used in delivering that service. And the extent to which a service's delivery channel contributes to the overall risk of the service. The risk assessment should be done when a firm is introducing a new service and on a periodic basis for existing services. In undertaking a service risk assessment the firm should ask the questions: *"Do any of our products or services have attributes known to be used by money launderers? Does the nature and type of the engagements the business provides advice on have an inherently higher risk of money laundering?"* (IFAC, 2020)

ii. *Customers:* a firm should identify, assess and understand the ML/TF/PF risk associated with each of its customers. The risk assessment should be done at onboarding stage and throughout the business relationship. Changes to the customer's business profile may impact their risk rating. A firm may consider various factors when assess their customers including industry, geographical location/jurisdiction of operation, legal form and any other publicly available information. In undertaking a customer risk assessment a firm should as the question: *"Does the client or its beneficial owners have attributes known to be frequently used by money launderers?"*(IFAC, 2020)

iii. *Geographical location:* a firm should identify, assess and understand the ML/TF/PF risk associated with the jurisdiction in which it operates and that of its customers. In this assessment the firm is getting an undertaking of the risk of money laundering, terrorism or proliferation financing posed by a jurisdiction. In this context, the firm will consider publicly available information on the jurisdiction's "perceived level of corruption, criminal activities and the effectiveness of the money laundering regime" (IFAC, 2020). In understanding the risk posed by a jurisdiction, the firm will be asking the question: *"Are our clients established in countries that are known to be used by money launderers?"* (IFAC, 2020).

The FIC has issued a guideline on ML/TF/PF risk assessment that can be found on this link: *https://www.fic.gov.zm/reporting*

WHO CAN BE DESIGNATED AS AN AML/CTPF COMPLIANCE OFFICER?

The FIC Act requires that a firm designates a compliance officer for purposes of AML/CTPF compliance. The compliance officer should be responsible for implementing the firm's compliance programme and ensuring compliance with the FIC Act. The role of compliance officer can be assigned to an employee who has another substantive position in the firm e.g. managing partner. As regards a firm that is a "one man show", that single individual can designate themselves as a compliance officer. The designated compliance officer should be submitted to the FIC for vetting and approval. The procedure for submitting an officer for vetting and approval can be found on this link: *https://www.fic.gov.zm/reporting*

WHAT IS AML/CTPF TRAINING?

The FIC Act requires firms to provide AML/CTPF training to their employees. The objective of the training is to ensure that employees are aware of AML/CTPF laws and regulations, able to detect and report suspected ML/TF/PF. The frequency and intensity of the training will depend on the firm-wide risk assessment. AML/CPTF training can be undertaken by the designated compliance officer or an external party. Furthermore, the FIC provides free awareness training on AML/CTPF requirements.

WHAT IS INDEPENDENT TESTING?

The FIC Act requires firms to subject their internal AML/CTPF measures to independent audit. The objective of the audit is to review and verify the effectiveness of the measures implemented in accordance with the law. The independent audit should be undertaken by someone not responsible for the implementation of the compliance programme. In this regard, the firm's designated compliance officer should not undertake the audit of the compliance programme. Independent auditors can be sourced internally or externally as long as they possess the requisite knowledge, skill and are independent from the daily management of the compliance programme. The frequency, scope and intensity of the independent audit will vary based on the risk profile, changes to the business and findings from previous audits.

The FIC has issued guidelines on independent audit that can be found on this link: *https://www.fic.gov.zm/reporting*

WHAT IS SUSPICIOUS TRANSACTION REPORTING?

A firm is required to submit a report to the FIC were it has reason to believe or suspect that a transaction is linked to ML/TF/PF. The report is referred to as a suspicious transaction report (STR). An STR should be submitted with the FIC within 3 working days after forming the suspicion. The STR should be submitted to the FIC by the designated compliance officer electronically through the FIC's STR portal. The FIC has issued a prescribed STR form that a compliance officer should use to report STRs. The STR form can be downloaded from this link: *https://www.fic.gov.zm/reporting.* ■

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TRANSFORMATIONAL CHANGE LEADERSHIP

By Mizinga S. Melu
May 2021

Description of Transformational Leadership (TL)

Process — a process that changes and transforms individuals

Influence — involves an exceptional form of influence that moves followers achieve more

Core Elements — concerned with emotions, values, ethics, standards and long term goals

Encompassing Approach — describes a wide range of leadership influence that bounds both leaders and followers in the transformation process

The Elements (factors) of Transformative Leadership

- **Idealized Influence**
- **Inspirational Motivation**
- **Individualized Consideration**
- **Intellectual Stimulation**

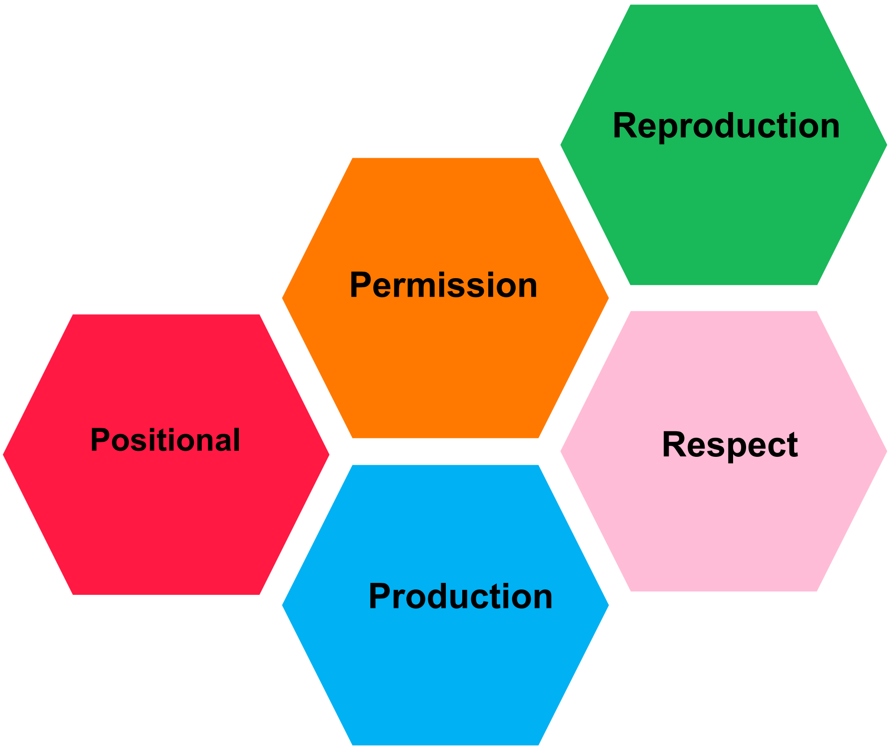
Anthony and Schwarz (2017) recommend three sets of metrics:

1. New Growth
2. Core Repositioning
3. Financial Performance

“Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential.” Warren Bennis

1. What makes you Cry?
2. What makes you Sing?
3. What makes you Dream?

5 Levels of Leadership! How to Build Influence with others...



Leadership Transformation starts with YOU!

IF NOT YOU, THEN WHO! IF NOT NOW THEN WHEN?

VACCI-NOMICS

When the coronavirus was first detected, the assumption was that it will start and end with China. However, on the 12th of March 2020, it had been declared a global pandemic. Almost two years into the pandemic, the virus has spread throughout the world, altered humans' way of life, transformed the way we conducted commerce and transactions, face-to-face meetings have become an inconvenience and the remnants of the impact of the pandemic are widespread and vivid.

The advent of the virus has magnified healthcare inequality worldwide, has brought into discussion the cost of developing vaccines and the price of these vaccines to the consumers. Some pharmaceutical companies have accelerated the development cycle and have produced vaccines ready for the market. The well-known ones include; BioTech/Pfizer, Modena, and Astra Zeneca. These companies have produced vaccines but not everyone has access to these vaccines.

To expedite the production to mass scale, a tug of war between patent rights and achieving herd immunity globally has ensued.

The United States government has been pushing for the waiving of intellectual property rights, in order to achieve economies of scale and reach the targeted doses needed for universal herd immunity. To put it into perspective, a patent is a title that gives intellectual property rights, granting the patent holder an exclusive right to make, use sell and import a product. A patent can also be held over a process. The rationale is to allow the patent owner to recoup the costs expended in developing the product or process and eventually make a profit. The term duration in which a patent remains protected is 20 years thereafter the industrial design or formula is open for replication by any other entity or person[1]. Consequently, the patent holder can either prohibit third parties completely from their technology or allow permission (licence) with specific and restrictive conditions and charge accordingly.

To achieve herd immunity, billions of doses must be manufactured across all pharmaceutical companies. At the time of writing, the COVID-19 had infected 168 million and resulted in 3.84 million deaths, according to the World Health Organisation (WHO) statistics. The disparity and inequality in the distribution of these vaccines pose a challenge to achieving herd immunity. Rich countries while comprising only 16% of the world's population have already purchased 60% of available vaccine supplies[2].

The pricing mechanism and the economics behind the production and profits to be maximised with these vaccines have resulted in the creation of oligopolistic market cartels.

In initial deals with the U.S. government, Pfizer and BioNTech's vaccine costs $19.50 per dose, compared with $15 for Moderna's shot, $16 for Novavax's programme, $10 for Johnson & Johnson vaccine, and $4 for AstraZeneca. Pfizer didn't take any government development funds for its shot, while other players received various amounts of assistance, and Pfizer was the first to reach the market.

Pfizer has said it expects $15 billion from its COVID-19 vaccine this year, but if the company charges higher prices after the pandemic, it could continue to reap significant sales from the product in the years to come, particularly if routine boosters are needed as variants arise[3].

Astra Zeneca is also cashing in. Bloomberg reported on Wednesday, 26, 2021 that the company priced a six-part $7 billion global bond offering, which will be used to pay part of its acquisition of Alexion Pharmaceuticals Inc. The bond issuance will help the company with an acquisition and better its vaccine production[4].

Balancing between the rights to the protection of intellectual property versus public health and the accessibility to new medicines is an issue that both the World Trade Organisation (WTO) and WHO have to grapple with. On one hand, the protection of the intellectual property is crucial in encouraging innovation as well as research and development. On the other hand, in times of global catastrophes such as the COVID-19 pandemic, there is a need for global access to research and development into new drugs in a manner conducive to social and economic welfare. A careful balance between the two needs is found in articles 30 and 31 of the WTO's agreement on Trade-Related Aspects of Intellectual Property (TRIP) that provides flexibilities to the patent rights enshrined in articles 28 by way of compulsory licensing[5]. This is a process by which the government licenses companies or individuals other than the patent owner to use rights of the patent – to make, use, sell or import a product under patent – without the permission of the owner.

As a result, the government can overcome access and pricing barriers (hoping that Zambia's pharmaceutical research and development is updated, we can take advantage of such a development). Third parties are required to attempt negotiating a voluntary license with a patent holder before taking the step of requesting a compulsory license. A voluntary can be bypassed where there's an extreme emergency. However, the emergency compulsory license resulting from this is limited to authorisation for mainly domestic use. In practice, this is intellectual as many countries do not have the capacity to produce pharmaceutical products domestically. "However, some developed countries have opted out of importing foreign-manufactured and patented medicines where – compulsory license is issued to export for other countries"[6].

This may be detrimental as these countries' unwillingness to make use of compulsory licenses limits the export market. For example, where the United States opts for compulsory licenses for vaccines produced in India, other countries with domestic manufacturing capabilities are deprived of issuing compulsory licenses for US manufactured and patented medicines as the US would no longer be an eligible importing member. Article 31b was adopted to remedy this – countries lacking manufacturing capability may import specific pharmaceutical products but this is costly and cumbersome[7].

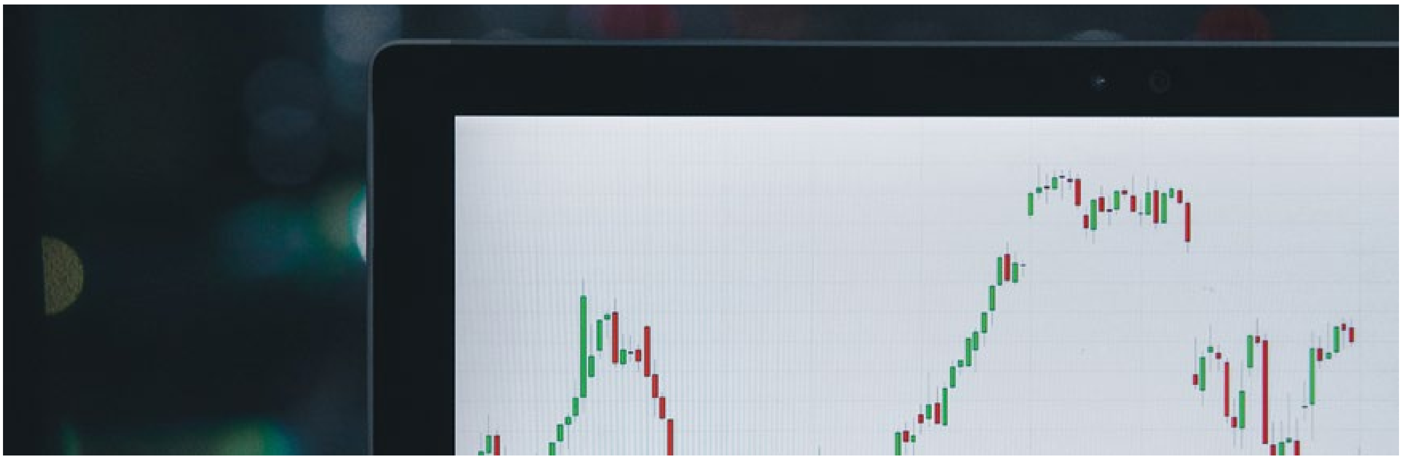
This makes it necessary to consider the temporary waiving of intellectual rights by pharmaceutical companies. South Africa and India were the first to call for the vaccine patents to be temporarily waived and have subsequently been joined by some 80 developing countries, along with rights groups. However, some western economies have blocked this move, arguing that intellectual property rights are necessary to incentivise research and innovation and safeguard against low quality replication.

In conclusion, for the world to fully achieve herd immunity, an altruistic approach needs to be adopted; an approach that views the pandemic in welfare lens. Pharmaceutical companies must forgo the rallying and soaring of their stock prices and share in the common humanity. Otherwise, if the world allows vacci-nomics and profit maximisation to rule, then we will not have an end-in-sight of the COVID-19 pandemic. Lessons for the developing world are glaring; invest in research and development, take advantage of any waiving of intellectual property rights in the manufacturing of vaccines, allow for technology transfer, so that in an event of any future pandemic we can manufacture our own vaccines. ■

The Auther is a professional economist and skilled financial markets specialist. A knowledgeable professional of global Economics, Financial markets, Financial modelling and valuation, Equities and Equity Research, Corporate finance, Taxation and Business advisory and analytics.

1 www.wto.org/intellectualproperty
2 https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports
3 https://www.fiercepharma.com/pharma/pfizer-eyes-higher-covid-19-vaccine-prices-after-pandemic-exec-analyst
4 www.bloomberg.com
5 Article 7 TRIPS Agreement
6 www.csis.org/analysis/compulsory-licensing-cure-distributing-cure
7 Article 7 TRIPS Agreement

INVESTING IN THE ZAMBIAN CAPITAL MARKETS



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INTRODUCTION

Chandra (2005) defines an investment as a sacrifice of current consumption to obtain an increased consumption at a later date. The expectation, therefore, is that investing will lead, ultimately, to a preferred pattern of consumption for the investor. It is often argued that the major motivation for investing is to increase wealth. However, an increase in the stock of wealth permits an increase in the flow of consumption and this takes us to the concept of risk and return.

According to Chowa (2016), real investment involves the purchase of physical capital such as land and machinery to employ in a production process to earn a profit. On the other hand, financial investment involves the purchase of paper securities such as stocks and bonds. A security or asset is simply a legal contract representing the right to receive future benefits under stated conditions. An asset generally refers to both financial and real investments whereas a security is simply a financial asset. Both assets and securities can be traded on the Zambian Capital Markets.

BACKGROUND OF THE ZAMBIAN CAPITAL MARKETS

There are different players in the Zambian capital markets and these include Investment advisors and their representatives, Custodians, Collective Investment Schemes, Broker-dealers, and their representatives, the Lusaka Stock Exchange Central Securities Depository, and the Securities Exchanges. Under the category of Securities Exchanges are the Lusaka Stock Exchange (LuSE), Bonds and Derivatives Exchange (BaDEx), the Commodities Exchange and the African Carbon Credits Exchange. The Lusaka Stock Exchange (LuSE) mainly deals in the trading of shares and bonds. On the other hand, derivative securities and bonds are traded on another exchange known as the Bonds and Derivatives Exchange (BADex).

FORMATION AND REGULATION OF CAPITAL MARKETS IN ZAMBIA

Primarily, the formation of capital markets in Zambia was a direct response to part of the MMD government's economic reform programme which was aimed at developing the financial and capital market to support and enhance private sector initiatives. This response, therefore, gave birth to the formation of the Lusaka Stock Exchange (LuSE) which opened its doors to the public on 21st February 1994. The exchange has operated a unified market (both debt and equity) for close to a decade now. This move has facilitated the raising of relatively cheaper long-term capital and this has eventually led to complimenting the financial sector product offering of short-term capital that is commonplace in the money market.

The regulatory body for capital markets in Zambia is the Securities and Exchange Commission (SEC). It was established through an Act of Parliament, the Securities Act CAP 354 of 1993. This organisation is responsible for market surveillance and making sure that no fraudulent activities take place amongst the market players, these being the stock exchanges, stockbrokers or dealers, listed companies, institutional investors, and retail investors. Other roles of the Commission include supervision and development of capital markets in Zambia, licensing, registration, and authorisation for financial intermediaries, issuers of debt and equity instruments, and collective investment schemes. The commission also maintains and manages a compensation fund, (Muyanga, 2019).

THE BENEFITS AND DRAWBACKS OF INVESTING IN THE ZAMBIAN CAPITAL MARKETS

Firstly, investing in the capital market can enable an investor to earn dividends. Dividends are simply a distribution of part of the company's profits to shareholders. Secondly, an investor can also make capital gains. This is the capital appreciation or growth of the investment over time and is measured by the rise and fall of the share price. Thirdly, investing in the capital markets can help investors get new issues of shares. Lastly, Warren Buffet, a stock market investor, explains that an investor cannot predict which stocks will be winners and would, therefore, broadly diversify the portfolio to avoid putting all "eggs" in one basket. A natural course of action for such an investor would be to choose a portfolio with "a little bit of everything." Investors have a wide choice of companies to invest in and by spreading the investment in different companies significantly reduces the risk exposure they would face. However, investing may not always result in financial growth and capital appreciation. The higher the risk, the higher the return should be.

ANALYSIS OF INVESTMENT PRODUCTS AVAILABLE IN THE ZAMBIAN CAPITAL MARKETS

An investment product is a product offered to investors based on an underlying security or group of securities that is purchased with the expectation of achieving financial growth, capital appreciation, and earning a favouurable return. As such, investment products are based on a wide range of underlying securities and encompass a broad range of investment objectives. Therefore, within the Zambian investment universe, there are three main products offered;

Stocks and Stock Funds - These investments represent equity ownership in a publicly traded company. Companies like Zambeef and Shoprite are part of a stock-raising regime that funds the operation of the company. Stocks have varying growth prospects and are typically analysed based on features such as price-to-earnings ratio and future earnings and may also offer dividends. Stocks funds are a common investment product that includes a diversified portfolio of stocks managed by a portfolio manager with a specific risk appetite, objectives, and goals.

Bonds and Bond Funds - These are some of the main fixed income products offered in the Zambian Capital Markets. They can be offered by governments or corporations and issued as part of a company's capital-raising strategy. Bonds simply pay investors' interest in the form of coupon payments and full repayment at maturity. Further, investors can also invest in bond funds that have a portfolio of bonds managed by a portfolio manager. Both Bonds and Bond Funds may be typically classified by a credit rating agency which offers insight into their capital structure and ability to make timely payments.

Derivatives - These are investment products that are offered based on the movement of a specified underlying asset. They include futures, options, forward contracts, and Forward Rate Agreements.

Therefore, from the three products explained above, bonds and bond funds appear to be more lucrative because of their nature to pay fixed income cash flow streams regardless of whether the issuer makes a profit as it is in stocks and stock funds. Bonds and bond funds are also preferred, in my opinion, over derivatives, because making a profit in derivative securities depends on having favorable exchange movements. Bonds and bond funds are therefore preferred over other investment products that are currently offered in the Zambian Capital Markets.

FUNDAMENTAL AND TECHNICAL ANALYSIS

According to Avadhani (2012), the unique nature of capital market instruments forces investors to depend strongly on fundamental factors in their investment decisions. As such, fundamental analysis examines the economic environment, industry performance, and company performance before making an investment decision. Efforts in technical analysis, on the other hand, are directed towards predicting the price of a security. Charting is the basic tool in technical analysis, which provides visual assistance in detecting a changing pattern of price behaviour. Technical analysts believe that stock prices move in fairly persistent trends and that there is inbuilt inertia, which makes the price movement continue along a certain path until it meets an opposing force due to demand-supply changes. They also believe that generally, volume and trend go hand in hand. When a major 'up' trend begins, the volume of trading increases, and the price and vice-versa. The essence of Chartism is the belief that share prices trace out patterns over time. This is a clear reflection of investor behaviour and it can be assumed that history tends to repeat itself in stock markets. A certain pattern of activity that in the past produced certain results is likely to give rise to the same outcome should it reappear in the future, Chowa (2016).

THE EFFICIENT MARKETS HYPOTHESIS (EMH)

The 2013 Nobel Prize-winning economist, Eugen Francis Fama developed the EMH in 1965. He explains that an efficient security market is one in which the price of every security fully reflects all available information and hence is equal to its "true" investment value. Therefore, the advantages of the centralised structure of the stock market in Zambia are borne out by the empirical evidence to date on the price formation of shares on the LuSE. According to Fama (1965), the stock price movement charts show a general characteristic pattern of initially high market entry pricing followed by large significant drops in prices with increased trading activity and over time gradually leveling off to stable price movements. This pattern is particularly noticeable for example, in the price movement charts for Chilanga Cement and Standard Bank. Admittedly, the logical explanation for the initial downward trend in prices is that this represents the price discovery process of the market at work, Chandra (2005).

RECOMMENDATION OF NEW INVESTMENT PRODUCTS TO BE OFFERED ON THE ZAMBIAN CAPITAL MARKETS

The Zambian economy continues to thrive since its liberalisation during the Chiluba regime of the MMD Government in the early 1990s. Consequently, with an optimistic economy, stable macro-economic environment, not to mention a stable political environment, Zambia is poised to become an investor's destination of choice. With this in mind, our capital markets must keep achieving financial growth and also introduce new products. Such new products could be those that can be listed on the exchange markets such as commodity products like copper, rice, cassava, gold, wheat, maize, and cotton. Other products may include Exchange Traded Funds (ETFs), Mutual Funds, Hedge Funds, investment-linked schemes, paper gold schemes, and private equity. An enhanced corporation between government and the private sector may be inevitable to introduce these Commodity Markets and Commodity Derivatives where products can be traded.

These alternative investments complement investment opportunities offered by shares of corporations that extensively use these as raw materials in their processes. For example, Zambeef produces animal feed which uses a lot of maize as one of its raw materials. There are several ways of commodity investing and these are Futures contracts, Bonds indexed on some commodity prices, and stocks of companies producing the commodities. These commodity investments are attractive to investors since they have a negative correlation with stock and bond returns and may also have a desirable positive correlation with inflation, Chowa (2016).

CONCLUSION

The objective of an investor is specified as maximisation of return and minimisation of risk. An investment is, therefore, generally distinguished from speculation in terms of three factors, namely; risk, capital gains, and period. Gambling is an extreme form of speculation. Both types of investors combine to make investment activity dynamic and profitable. Investors in the financial markets have different attitudes towards risk and varying levels of risk appetite. Some investors are risk-averse, while some may have an affinity for risk. The risk appetite of an investor, on the other hand, is a function of their income. A person with a higher income is assumed to have a higher risk-bearing capacity. Each investor tries to maximise their welfare by choosing the optimum combination of risk and return by their preference and capacity. Consequently, investors need to do both fundamental and technical analysis when deciding a suitable security investment. In the stock market, trend analysis is said to be a man's best friend, Chandra (2005). ■

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1. INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC) CONTINUES DRIVE AGAINST FINANCIAL CRIME

The International Federation of Accountants (IFAC) welcomes the work of the World Economic Forum's (the "Forum") *Unifying Framework*, published in June, for the important added visibility it provides in the fight against financial crime from a cross-sectoral perspective.

The release of the Forum's report in June is a significant step in raising awareness about the good work of gatekeepers – individuals including accountants, bankers and lawyers – who work to prevent or interrupt financial crime, and particularly money laundering, illicit financial flows, and corruption. By endorsing this work, IFAC hopes that we can inspire other gatekeeper professions to adopt ethical frameworks on par with the International Ethics Standards Board for Accountants' (IESBA's) *International Code of Ethics for Professional Accountants (the Code)*, the gold standard for ethical behavior.

2. HIGHLIGHTING AREAS OF FOCUS IN AN EVOLVING AUDIT ENVIRONMENT DUE TO THE IMPACT OF COVID-19

Global developments relating to the COVID-19 pandemic have also impacted the work of auditors. Uncertainty and unpredictability may create risks of material misstatement that are new, or intensified, in the circumstances. When planning the audit, auditors may not have considered these risks or may have considered identified risks differently. Entities being audited are adjusting to the changing environment relating to their businesses and operations, including financial reporting processes, disclosures in financial statements and their ability to maintain operations in the foreseeable future. Similarly, auditors have to adjust how they obtain sufficient appropriate audit evidence on which to base the audit opinion, amid challenges relating to, among other things, access to people or information, revising the identification and assessment of certain risks of material misstatement, and changing planned audit procedures or performing alternative or additional audit procedures as may be appropriate. Auditors may also find that the current circumstances bring opportunities to do things differently, for example, by using new, or flexing the use of existing, technology resources. Lastly, other changes in the environment and financial reporting chain may also impact the audit, such as changes in the applicable financial reporting standards, changes in laws or regulations, or new transactions for the entity such as the receipt of subsidies. Changes in how, and where, auditors are undertaking their work may necessitate firms to respond to the changing environment, for example by considering quality control policies and procedures relating to direction and supervision of engagement teams and the review of their work. At the engagement level, auditors should have heightened awareness of the possibility of fraud or error, including fraudulent financial reporting, with the importance of the exercise of professional skepticism top of mind in performing audit procedures. The following highlights some of the more significant areas that may need to be further considered in designing and performing audit procedures to obtain sufficient appropriate audit evidence, and to report accordingly.

3. GOING CONCERN IN THE CURRENT EVOLVING ENVIRONMENT - AUDIT CONSIDERATIONS FOR THE IMPACT OF COVID-19

This publication has been prepared to highlight key areas of focus in the current environment when undertaking procedures relating to, and concluding on, the appropriateness of management's use of the going concern basis of accounting in accordance with the International Standards on Auditing (ISATM). This publication does not amend or override the ISAs, the texts of which alone are authoritative. Reading this publication is not a substitute for reading the ISAs. Preparers, those charged with governance and users of financial statements may find this publication helpful in understanding the auditor's responsibilities in relation to going concern, as well as any modifications made to the auditor's report in respect of any uncertainties related to going concern. Many factors impact the ability of an entity to continue as a going concern. These factors include the industry and geographic area of operations, the financial health of customers and suppliers, and financial liquidity and solvency of the entity. As a result of the COVID-19 pandemic and the associated deteriorating economic environment, reduced revenues and cash flows could raise questions about the entity's ability to meets its current or new obligations and comply with debt covenants. This Staff Audit Practice Alert focuses on the implications of the COVID-19 pandemic for the auditor's work related to going concern, including the potential impacts on:

- Management and the auditor's respective responsibilities in relation to going concern;
- Risk assessment procedures undertaken by the auditor and their evaluation of management's assessment of the entity's ability to continue as a going concern;
- Periods beyond management's assessment;
- Additional procedures required when events or conditions are identified which may cast doubt on the entity's ability to continue as a going concern;
- Implications for the auditor's report and the auditors' consideration of Other Information; and
- Significant delays in the approval of financial statements.

In completing work related to going concern in the current environment, auditor's should focus on all the requirements set out in ISA 570 (Revised), Going Concern, with full consideration given to the entity's specific circumstances before any conclusions are reached. In completing the work on going concern, the importance of exercising professional skepticism is amplified, particularly where management have determined that the current circumstances are not expected to have any material financial impact on the entity and that no material uncertainties related to going concern exist for the entity. ■

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